



2023

Sustainable Development Report

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ABOUT THE REPORT

Baiterek National Managing Holding JSC (Baiterek NMH JSC, the Holding) is aware of the importance of its economic and social activities and strives to ensure a high level of transparency for internal and external stakeholders.

Sustainable Development Report of Baiterek National Managing Holding Joint-Stock Company for 2023 (the Report) has been prepared in accordance with the Standards of the Global Initiative for Reporting in the Field of Sustainable Development GRI Standards, the provisions of the Corporate Governance Code and other internal documents of the Holding.

This Report reflects the results of the Holding's activities from January 1, 2023 to December 31, 2023. The Sustainable Development Report for 2022 was submitted to the Board of Directors of the Holding in August 2023. The current Report has not been externally certified.

In order to further improve the quality of the Report, in the next reporting period, information on the Holding's activities will be expanded, as set out in the Holding's Action Plan for Sustainable Development for 2022–2023.

DETERMINING THE CONTENT OF THE REPORT

In the reporting year, the Holding carried out work to determine the list of significant topics that are most significant for disclosure in the Report. The work consisted in analyzing the GRI Standards indicators and annual reports of analog companies. Based on the results of the analysis, a questionnaire has been prepared, including about 30 significant topics relevant to the Holding's activities.

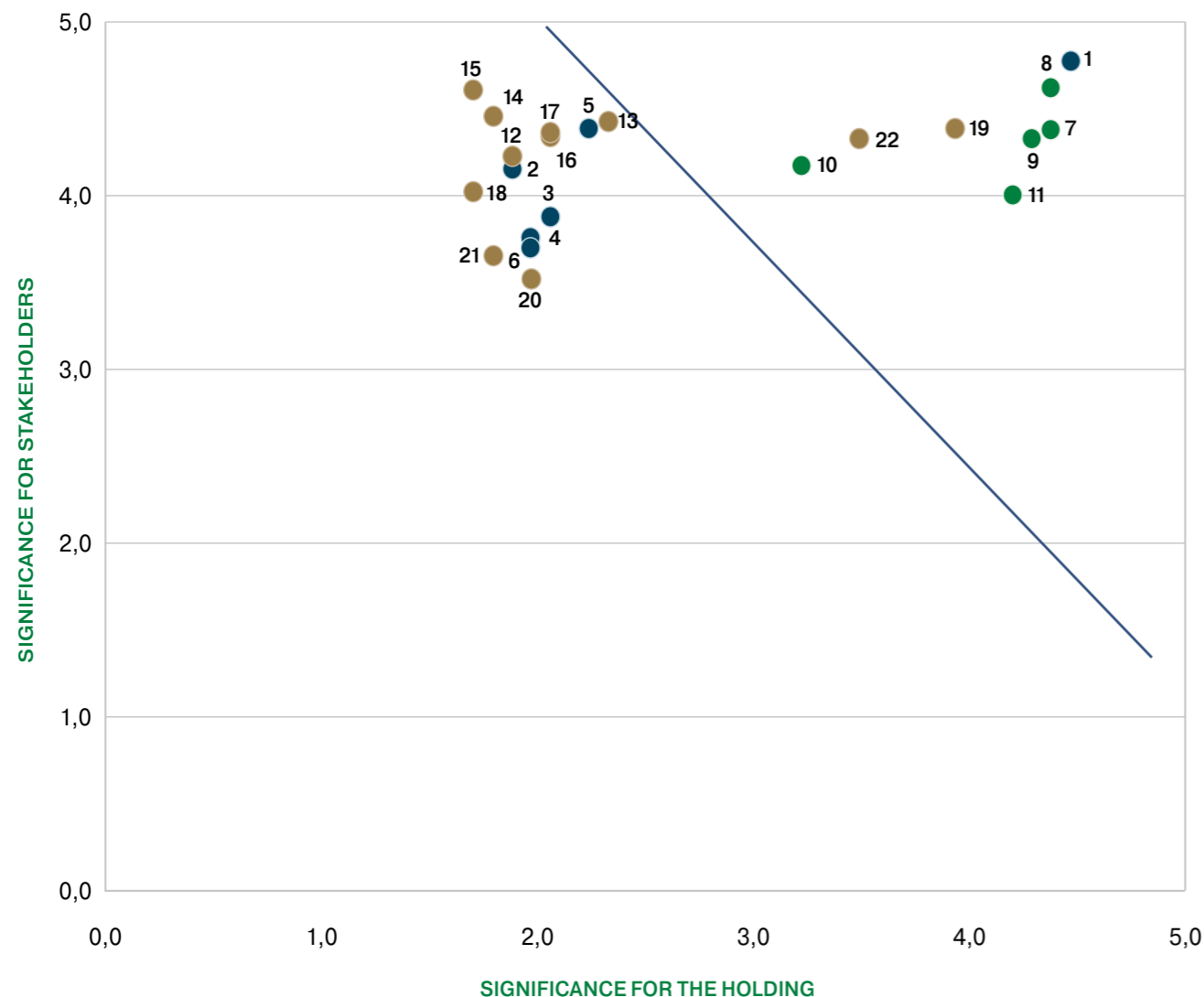
All the topics presented in the questionnaire are divided into three groups – economic, environmental and social. The questionnaire was sent to representatives of internal and external stakeholders of the Holding in order

to select the most significant topics from the proposed list. In particular, employees of structural divisions, management, subsidiaries of the Holding, investors, media representatives, etc. took part in the survey.

Summary estimates based on the results of the survey were included in the Materiality Matrix. The topics that fell into the upper right corner of the Matrix were recognized as the most significant, and they were given priority attention when compiling the Report.



MATERIALITY MATRIX



Topics (topics that are deemed most material are highlighted with gold) №

ECONOMY

Economic effectiveness	1
Presence in the markets	2
Indirect economic impacts (investments in infrastructure and gratuitous services)	3
Procurement practices	4
Anti-corruption	5
Competitive barriers	6

ENVIRONMENT

Energy	7
Water	8
Waste	9
Compliance with the environmental laws	10
Indirect economic impacts (Scopes 1, 2, 3)	11

SOCIETY

Employment	12
Relationships between employees and management	13
Occupational health and safety	14
Training and education	15
Diversity and equal opportunities	16
Non-discrimination	17
Freedom of association and collective bargaining	18
Assessment of respect for human rights	19
Local communities	20
Assessment of suppliers' impact on the community	21
Compliance with legal regulations	22

REPORT BOUNDARIES

This Report contains information about the Holding, while sections such as "Personnel Management" and "Economic Performance" are presented as a whole for the Holding Group. More detailed information about the Holding Group, including operating results, is disclosed in the Holding's Annual Report for 2023.

The topics of economic performance, indirect economic impacts and compliance with environmental legislation are relevant mainly outside the organization. The remaining topics are of great importance both inside and outside the organization.

ADDRESS BY THE CHAIRMAN OF THE MANAGEMENT BOARD



**RUSTAM
KARAGOISHIN**

**Chairman of the Management Board
of Baiterek NMH JSC**

Dear members of the Board of Directors!

Transition to a green and carbon-neutral economy is becoming a priority strategic task for the country. In this process, the Holding, acting as a key financial institution, plays an important role in the formation and implementation of the national green agenda.

The Holding pays special attention to the implementation of ESG principles (environmental, social, and governance criteria), with priorities including the support of green projects, development of sustainable financing, risk management, formation of a unified HR Policy, and increasing transparency.

For the successful implementation of green projects, the Holding has approved an environmental and social policy that defines the principles and approaches to accounting and monitoring of environmental and social factors in the investment activities of the Holding and its subsidiaries. The policy considers international initiatives on responsible investing, including the UN Principles for Responsible Investment, the Equator Principles, and IFC Performance Standards on Environmental and Social Sustainability. Within the framework of the policy, criteria for green projects are defined based on the Resolution of the Government of the Republic of Kazakhstan dated December 31, 2021, #996.

The Holding has already implemented several green projects with total financing of 186.7 billion Tenge, including the construction of hydro, solar, and wind power plants, the creation of irrigation systems, and intensive orchards.

The Development Bank of Kazakhstan JSC has financed 7 investment projects in the field of renewable energy with a total loan amount of 118.5 billion Tenge. These projects contribute to strengthening the country's energy system and providing clean energy to industry and the population.

Another subsidiary of the Holding, the Agrarian Credit Corporation JSC, supported 24 green projects in 2023 with a total financing of more than 6.7 billion Tenge in such areas as the creation of irrigation systems and intensive orchards.

In addition to the implementation of ESG principles in investment activities, the Holding pays special attention to the implementation of the "Green Office" Concept, which is based on the three R's: Reduce, Reuse, Recycle.

Waste sorting containers are installed on the floors of the Holding. Awareness-raising activities are periodically conducted to increase employees' ecological consciousness, including training on resource conservation and organizing clean-up events.

The success of ESG principles implementation is confirmed by the results of external competitions in which the Holding actively participates. For example, in the reporting year, the Holding received the GREEN OFFICE AWARDS in the special nomination "Best Green Office in Kazakhstan".

Additionally, according to the results of the "ESG Information Disclosure Rating" conducted by the international agency PwC in 2023, the Annual Report and the Sustainable Development Report of the Holding were included in the top 20 companies in the Republic of Kazakhstan.

The transition to a green economy also involves partnership interactions both within the country and beyond, supported by international organizations and the private sector. The Holding and its subsidiaries actively participate in national and international initiatives in sustainable development aimed at promoting the accelerated transition of the country to a green economy.

Thus, the aforementioned sustainability and ESG initiatives play a special role in the Holding's Development Plan and are an integral part of it.

Next year, the Holding will continue to work on implementing ESG initiatives aimed at contributing to the achievement of the national task of transitioning to a green economy.

**Chairman of the Management Board
of Baiterek NMH JSC
Rustam Karagoishin**

INDICATORS OF SUSTAINABLE DEVELOPMENT ACTIVITIES

INDICATOR	2021	2022	2023
The average number of employees of Baiterek NMH JSC, people	131	132	132
Average annual number of hours of training per person, person-hours	43	42	24
The employees involvement level in Baiterek NMH JSC, %	75	- ¹	80.2
Cases of discrimination on any grounds, number	0	0	0
Injury cases, number	0	0	0
Facts of corruption and fraud, number	0	0	0
Index of confidence in the activities of Baiterek NMH JSC, %	87.5	87.2	87.7

KEY EVENTS IN THE FIELD OF SUSTAINABLE DEVELOPMENT IN 2023

SUPPORT FOR GREEN PROJECTS

- As of December 31, 2022, the Holding supported a **number of projects in the field of green energy** for a total amount of financing of **186.7 billion Tenge** (construction of hydroelectric power plants, solar and wind power plants).
- As of December 31, 2023, there are **7 investment projects in the renewable energy industry** in the loan portfolio of the subsidiary of the Holding, Development Bank of Kazakhstan JSC (hereinafter – DBK), including: a wind power plant in the East Kazakhstan and Almaty regions with a capacity of 150 MW, a solar power plant in the Karaganda region with a capacity of 100 MW, the Turgusun-1 hydroelectric power plant in the East Kazakhstan region with a capacity of 24.9 MW, a photovoltaic power plant in the Turkestan region, a cascade of hydroelectric power plants in the Zhetysay region with a capacity of 18.72 MW, and others.
- As of December 31, 2023, another subsidiary of the Holding – Qazaqstan Investment Corporation JSC² hereinafter – QIC – supported projects in the field of green energy for a total amount of financing of **11.1 billion Tenge** with a total capacity of 67 MW: Kengir solar power station with a capacity of 10 MW in the Karaganda region, Baikonur solar power station with a capacity of 50 MW in the Kyzylorda region, a hydroelectric power plant on the Koxsu River with a capacity of 7 MW in the Zhetysay region.
- Industrial Development Fund JSC (a subsidiary of Development Bank of Kazakhstan JSC) carried out leasing financing for the purchase of **100 units of electric city buses** for Astana LRT LLP, 20 units of electric city buses for Astana Bus Park #1 JSC, as well as **10 units of electric city buses** for Bus Park #1 of the city of Pavlodar. Replacing worn-out buses with environmentally friendly modes of transport not only strengthens the transport infrastructure, but

¹ The assessment was not carried out in 2022.

² Kazyna Capital Management JSC was re-registered in Qazaqstan Investment Corporation JSC on January 10, 2023.

also helps to reduce fuel emissions. The total amount of support for green projects through Industrial Development Fund JSC amounted to 50.4 billion Tenge for 11 projects.

- Additionally, through Agrarian Credit Corporation JSC (hereinafter – ACC), **24 green projects** were supported in 2023 with total financing **exceeding**

SOCIAL AND GREEN PRODUCTS

- Fulfilling its social function, the subsidiary of the Holding, Otbasy Bank JSC, actively continued the implementation of state programs under the “Housing and Communal Infrastructure Development Concept”. In total, within the framework of programs such as “Bakytty Otbasy”³, “Shanyrak”⁴, “Askeri”, and other regional programs, preferential loans were issued to **13,035 Kazakhstani families**.
- The women’s mortgage program “Umai”⁵ is being implemented at the expense of the second tranche from the Asian Development Bank in the amount of 14 billion Tenge.
- In the reporting year, a number of youth housing programs were launched in the regions, enabling young teachers, doctors, journalists, cultural, sports and social workers, employees of utility companies, police departments, and the Emergencies Ministry to obtain affordable loans to purchase housing.
- Otbasy Bank launched the **first Green Mortgage program in Kazakhstan**, which is focused on protecting the health of citizens and the environment⁶.
- Debut placements of DBK’s green bonds on the Kazakhstani stock market: in March 2023, bond placements worth 10 billion Tenge on the KASE exchange, and in December, on the AIX exchange worth 15 million USD.
- As part of the issuance of green bonds, DBK received the first Climate Bonds Initiative certification in Central Asia, confirming the compliance of the Bank’s bonds with international climate bond standards. This was achieved in partnership with the AIFC Green Finance Center, which acted as a verifier for compliance with CBI criteria.

DEVELOPMENT OF INTERNAL DOCUMENTS IN THE FIELD OF SUSTAINABLE DEVELOPMENT ⁷

- The Holding’s Human Rights Policy** (hereinafter referred to as the Policy) was approved by the decision of the Holding’s Management Board on November 1, 2023 (Minutes #41/23). The Policy outlines aspects of sustainable development such as freedom of association and collective bargaining, as well as equal rights and opportunities for employees.
- To enhance the ESG rating in the reporting year and to establish procedures for organizing internships and practicums for students, graduates of higher education institutions, or other specialists wishing to undertake internships or practicums at the Holding, **the Rules for Organizing and Conducting Internships and Practicums at the Holding** were approved by the decision of the Holding’s Management Board on May 22, 2023 (Minutes #19/23).

³ The participants of the program are large families and families raising children with disabilities, orphans and children left without parental care, and persons with disabilities of groups I and II.

⁴ The program provides loans to waiting lists of akimats for the purchase of housing on the terms: the loan rate is 5% per annum, the minimum initial payment is 10% of the loan amount with a maximum loan term of up to 20 years.

⁵ New conditions have been adopted for the “Umai” mortgage – the threshold for the total family budget has been raised to 640,000 Tenge (with a monthly family income not exceeding 550,000 Tenge, the initial payment will be from 15%; with an income from 550,001 Tenge to 640,000 Tenge, a loan can be obtained if there is from 20% of the cost of housing).

⁶ The program has been available to the Bank’s customers since the beginning of 2023. The main condition for the implementation of the program is the compliance of the purchased housing with the “green standard” certified according to one of the existing systems in Kazakhstan (OMIR, GOST R, BREEAM, LEED), regardless of its certification level.

⁷ For more information, see section 1.2. “Sustainable Development Management System”.

IMPLEMENTATION OF THE “GREEN OFFICE” CONCEPT IN THE HOLDING

- In 2023, a **reverse vending machine for accepting aluminum cans and plastic bottles** was installed on the 1st floor of the Baiterek Business Center.
- Also on the 1st floor of the Baiterek Business Center, bins for **batteries and pet food** were installed for further donation to animal shelters.
- **QR codes** have been placed on all floors of the Baiterek Business Center to **enable donations** to the Stop Arrest Fund for homeless animals.
- Throughout 2023, **video materials on resource conservation** were created in Kazakh and Russian for international environmental days and were displayed in the elevators of the Baiterek Business Center and on the HR NEWS Baiterek Telegram channel.
- In 2023, **938 kg of paper waste** was collected (526 kg of cardboard and 412 kg of paper). Additionally, a closed container for storing paper waste before recycling has been set up on the premises of the Baiterek Business Center.
- In 2023, **office supplies made of eco-friendly materials** were purchased.

PARTICIPATION IN EXTERNAL SUSTAINABLE DEVELOPMENT INITIATIVES

- In 2022 the Holding **joined the UN initiative for the Empowerment of Women** (Women's Empowerment Principles – WEPs). The signing of the WEPs Principles is a public initiative about the interest and active position in promoting gender equality and the empowerment of women. In the reporting year, a report on the implementation of the WEPs initiative was prepared and included in the Holding's 2022 sustainability report.

WINNING CONTESTS

- The Holding's Annual Report and Sustainable Development Report for 2022 were ranked among the top 20 companies in the Republic of Kazakhstan according to the “ESG Disclosure Rating” conducted by the international agency PwC in 2023.
- The holding also received the GREEN OFFICE AWARDS 2023 in a separate nomination “**The Best Green Office in Kazakhstan**”. The title of the “greenest office” was contested by companies from Kazakhstan, Uzbekistan, Kyrgyzstan, Belarus, Armenia, Russia and other countries.

PARTICIPATION IN CHARITY EVENTS

- The Holding took part in the charity event “**Road to School**”. Employees of the Holding have collected backpacks with school supplies for children from socially vulnerable families. Assistance to needy families is provided every year.
- The Holding organized a “**Donor Day**”, during which 73 employees of the Holding and subsidiaries donated blood, more than 30 liters of blood were donated.
- The Holding hosted a charity fair **Baiterek – Open Hearts**, as a result, over 2,194 thousand Tenge was gained from sales.
- The aforementioned funds were used to purchase 200 gifts for the ‘Bereke Astana’ Foundation for children with disabilities, 150 gifts for the “Caspian” Foundation for children with special physical needs, and 45 gifts for children undergoing long-term treatment at the Children's Cardiac Surgery Center.
- The Holding's team also provided food and clothing to 5 low-income families using the proceeds from a charity fair.



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ABOUT THE HOLDING

STRUCTURE AND SUPPORT TOOLS OF THE HOLDING

Baiterek National Management Holding JSC

(hereinafter referred to as Baiterek NMH JSC or the Holding) is an integrated institute of development, which is created to promote the high-quality development of Kazakhstan's economy by rendering support to the priority economic sectors. The Holding's structure

consists of 8 subsidiaries⁸, with more than fifty percent of voting shares (participatory interests) directly owned by the Holding. The activities of its subsidiaries are aimed to develop the agro-industrial complex, support business and ensure the affordability of housing for the population.

Nº	Subsidiary	Support instrument	Focus area
1.	Development Bank of Kazakhstan JSC	Debt financing Guarantees Leasing Export and pre-export financing	Large and medium business support
2.	Export Credit Agency of Kazakhstan JSC ⁹	Insurance Export and pre-export financing	Raising export capacity ¹⁰
3.	Qazaqstan Investment Corporation JSC ¹¹	Shared financing Establishment of/participation in venture funds	Shared financing Venture capital funding
4.	Damu Entrepreneurship Development Fund JSC	Guaranteeing Subsidy assistance Lending through conditional deposits with STBs/MFOs	Support for micro, small and medium businesses
5.	Agrarian Credit Corporation JSC	Lending to the AIC entities Investment projects financing Lending for spring sowing and harvesting campaigns Financial institutions funding Microlending for small businesses Insurance premium subsidy assistance	Agro-industrial complex support
6.	Otbasy Bank house construction savings bank JSC	Issue of housing loans Mortgage lending	Provision of housing for the population
7.	Kazakhstan Housing Company JSC	Financing the developers through purchase of the LEA's securities Rental housing with an option to buy Mortgage lending Guaranteeing of shared housing construction Subsidizing private developers' loans Investment projects financing	Provision of housing for the population
8.	Bereke Bank ¹²	Corporate and retail banking services	Banking services

⁸ As of December 31, 2023.

⁹ On May 20, 2024, KazakhExport Export Insurance Company JSC was re-registered as Export Credit Agency of Kazakhstan JSC.

¹⁰ Including large, small and medium-sized businesses.

¹¹ On January 10, 2023, Kazyna Capital Management JSC was re-registered as Qazaqstan Investment Corporation JSC.

¹² In pursuance of Instruction of the Government of the Republic of Kazakhstan dated September 1, 2022, the Holding purchased SB Sberbank of Russia JSC from Sberbank of Russia PJSC. Thereafter, SB Sberbank of Russia JSC was re-registered and changed its name to Bereke Bank.

SUSTAINABLE DEVELOPMENT MANAGEMENT SYSTEM

Being the key financial institution of the Government of the Republic of Kazakhstan, Baiterek NMH JSC realizes the significance of its impact on the environment (broadly defined) and seeks to balance the interests of its stakeholders.

As a part of its activities, the Holding ensures the constancy of its economic, ecological and social goals, including:

- growth in investments in the creation and development of more advanced technologies;
- growth of the manufacturing industry; increase in the rate of growth in the non-resource industry's exports;
- improvement of labor productivity; creation of new jobs;
- optimal use of limited resources;
- ensuring the transparent competition procedures and equal employment opportunities;
- ensuring labor safety and preservation of employees' health, etc.

In its activities, the Holding adheres to following sustainable development principles set forth by the Holding's Corporate Governance Code: openness, accountability, transparency, ethical conduct, respect for stakeholders' interests, lawfulness, respect for human rights, zero tolerance to corruption, and inadmissibility of conflicts of interest.

In its activities, Baiterek NMH JSC also adheres to the UN Global Compact Principles in the field of human rights, labor relations, environmental protection, and anti-corruption. The goals, objectives, and principles are

described in greater detail in the Holding's Sustainable Development Policy.

Therefore, in 2023, the Holding approved the Human Right Policy. The Policy sets forth such aspects of the sustainable development as freedom of association and collective bargaining, as well as equal rights and opportunities of its employees. The elaboration and approval of the Policy demonstrate the Holding's steadfast commitment to the ethical principles, ensure the compliance with the legal and regulatory acts of the Republic of Kazakhstan and the international standards, as well as reduce the reputation risks. In addition, this facilitates the development of a positive corporate culture and meets the global sustainable development goals.

In 2022, the Holding joined the UN global initiative – the Women's Empowerment Principles (WEPs). Additionally, in 2023, a report on the implementation of the WEPs initiative was prepared and included in the Holding's 2022 Sustainable Development Report. More detailed information on adherence to these principles is provided in the annex to this Report.

The Holding pays special attention to the introduction of the ESG principles. By doing so, the Holding follows the global trends in this field and the national priorities. The latter include low-carbon transition and decarbonation, as well as development of the sustainable financing instruments, which shall meet the ESG principles. In addition, due consideration is given to improving transparency, development of the unified HR Policy, as well as to responsible procurement.

In 2023, the Holding was assigned a ESG rating by the international agency Sustainable Fitch. According to the target value of this KPI, the rating should be raised by 2 points by 2023 versus the basic one.

PRIORITY DIRECTIONS OF THE HOLDING'S ACTIVITIES IN THE FIELD OF SUSTAINABLE DEVELOPMENT



ORGANIZATIONAL STRUCTURE OF SUSTAINABLE DEVELOPMENT MANAGEMENT

The sustainable development management is ensured by the Holding subject to the overall corporate governance system and is an integral part thereof.

The Holding's Board of Directors provides strategic guidance and controls the implementation of sustainable development.

Consideration of the sustainable development matters has been preliminarily delegated to the Strategic Planning Committee of the Holding.

The Management Board of the Holding shall ensure the creation of a proper sustainable development management system and its introduction, as well as approve the relevant Sustainable Development Action Plan. The Management Board shall also, on an annual basis in the third quarter of a year following the reporting one, submit the Sustainable Development Report to the Board of Directors for consideration.

The corporate KPI maps of the members of the Management Board of the Holding include the KPIs related to ensuring the sustainable development of Baiterek NMH JSC. These data are retrieved from the report on the implementation of the Holding's Sustainable Development Action Plan.

Heads of the concerned structural subdivisions of the Holding shall bear personal responsibility

for the implementation of measures and achievement of the sustainable development KPIs, subject to their competences.

The main department that is in charge of coordinating the sustainable development issues of the Holding, is the Strategy and Corporate Development Department. This Department performs the following works:

- plans the sustainable development activities;
- coordinates the sustainable development activities of the Holding's structural subdivisions;
- prepares the report on the implementation of the sustainable development Action Plan and KPIs;
- prepares the Holding's Annual Report, including the sustainable development section and the sustainable development report in compliance with the international GRI Standards;
- communicates with the Holding's subsidiaries and international organizations with regards to the sustainable development matters.

Officials of the Holding and its subsidiaries follow the sustainable development principles when performing activities and fulfilling their duties and contribute to the staff engagement.

IMPLEMENTATION OF THE HOLDING'S SUSTAINABLE DEVELOPMENT ACTION PLAN FOR 2022-2023, ACCORDING TO THE 2023 RESULTS

A report has been prepared on the ESG principles implemented in the investment the Holding's activities and its subsidiaries as part of the implementation of the provisions of the Holding's Environmental and Social Policies. The report includes detailed data of the implementation of the above principles in each subsidiary's activities.

The single database of green projects (including social ones) of the Holding's subsidiaries has been established, aligned with the key directions of the implementation of the green projects stipulated by the environmental and social policies of the Holding and taxonomy of the green projects, with breakdown by sectors (including power generation sector, AIC,

housing sector, etc.), scope of finance, environmental and social effects.

The Holding's Environmental and Social Policies were updated to reflect the green projects taxonomy approved by Government Decree #996 of December 31, 2021, as well as the Holding's sustainability policy.

In 2023, a number of measures were implemented to introduce elements of the "Green Office", in particular:

- a reverse vending machine was installed to collect aluminum cans and plastic bottles;
- a pet food box was installed in order to deliver the pet foods further to an animal shelter;
- 938 kg of scrap paper (526 kg of cardboards and 412 kg of paper) were transferred to recycling purposes.

In 2023, the Holding won the special nomination for "Best Green Office in Kazakhstan" at the GREEN OFFICE AWARDS 2023 competition held in Russia.

Additionally, following thorough audit by an independent company, the ST RK ISO 14001-2016 (ISO 14001:2015 – Environmental Management Systems) and ST RK ISO 45001-2019 (ISO 45001:2018 – Occupational Health and Safety Management Systems) certificates were received.

PLANS FOR 2024

The Holding plans to implement a number of sustainable development measures in 2024, including:

- updating the single database of green projects (including social ones) of the Holding's subsidiaries pursuant to the key directions of the implementation of the green projects stipulated by the environmental and social policies of the Holding and taxonomy of the green projects, with breakdown by sectors (including power generation sector, AIC, housing sector, etc.), scope of finance, environmental and social effects;
- considering the necessity to create the Working Group to assess greenhouse gas emissions as a part of the project activities;
- efforts aimed to maintain the international sustainable development rating;

In December 2023 in partnership with the Eurasian Development Bank (EADB), a Competence Center event was held with interested employees of the Holding's subsidiaries. The event was devoted to "Discussion of the foreign currency market, securities market, the development of ESG and sustainable development projects, and the 2024 predictions".

The Holding also strives to actively participate in external sustainable development initiatives. In 2022, the Holding joined the UN global initiative – the Women's Empowerment Principles (WEPs). Based on the 2023 results, a report was prepared with regards to the implementation of the WEP's initiative, which had been covered by the Holding's Sustainable Development Report for 2022.

Special attention is given to increasing transparency of Holding's activities for stakeholders. By the decision of the Board of Directors (August 29, 2023, #05/23), the Holding's Annual Report for 2022 was approved, and the 2022 Sustainable Development Report was reviewed. These reports were prepared in accordance with the GRI international standards. As a result of the 2023 international ESG disclosure rating conducted by PwC, the Annual Report and Sustainable Development Report of the Holding were ranked among the top 20 companies in the Republic of Kazakhstan.

- considering the necessity conduct a ESG scoring and/or assign a ESG rating to the Holding's subsidiaries and affiliates;
- development of a CO₂ emission measurement (Scopes 1, 2, 3) method by the Holding and its subsidiaries and affiliates;
- conducting campaigning events to improve employees' environmental consciousness: competitions, team-building, breakfast meetings, environmental campaigns, as well as preparation of information stands/posters/videos;
- affirmation of the environmental management, occupational health and safety certificates (ST RK ISO 45001-2019, ST RK ISO 14001) and organization of trainings for the Holding's employees in requirements of the said standards;

- keeping record of scrap paper transferred and acquisition of stationery and office supplies made of environmentally friendly materials;
- trainings in sustainable development, ESG, ESG screening, green financing, “Green Office” (including online);
- holding a Competence Center with the participation of the subsidiaries, on the development of green financing / issue of sustainable development (green,

social) bonds with an invitation of AIFC/KASE specialists;

- exchange of experience in the introduction of the ESG factors in the business processes within the Holding’s Group, including preparation of proposals to improve the sustainable development system;
- ensuring the availability of a sustainable development section containing the relevant complete and valid information on the corporate web-sites of the Holding’s subsidiaries and affiliates, etc.

THE HOLDING’S CONTRIBUTION TO THE ACHIEVEMENT OF THE UN SUSTAINABLE DEVELOPMENT GOALS

The management of the Holding supports the 17 Sustainable Development Goals (the “SDGs”) adopted by the UN General Assembly in 2015, aimed at poverty eradication, conserving the planet’s resources and ensuring universal wellbeing.

Baiterek NMH JSC contributes to the achievement of the SDGs by means of responsible business practices. Thus, when creating a project portfolio, the Holding gives preference to projects that comply with the SDGs and have a significant impact on the sustainable social and economic development of the Republic of Kazakhstan, including projects that facilitate:

- an inclusive and sustainable industrialization;
- openness, security, resilience and environmental sustainability of cities and localities;
- diversification of the economy of the Republic of Kazakhstan and certain Oblasts/cities.

During the reporting year, the Holding participated in roundtables and workshops, and panel discussions organized by the UN to promote the SDGs in Kazakhstan.

SUSTAINABLE DEVELOPMENT GOALS



THE HOLDING’S OBJECTIVES AIMED AT ACHIEVING THE UN SUSTAINABLE DEVELOPMENT GOALS

UN Sustainable Development Goals



Activities of the Holding

- **agribusiness development**

SDG activities for 2023

The development of the agro-industrial complex (the AIC) is one of the main long-term priorities of the state economic policy of Kazakhstan and one of the strategic directions of Baiterek NMH JSC. The development of the agro-industrial complex is impossible without providing agricultural producers with affordable financial resources.

In 2023, Baiterek NMH JSC allocated 554.7 billion Tenge for the development of the agro-industrial complex of Kazakhstan. The growth in the volume of lending to the industry amounted to +6.3%. The number of loans issued in 2023 increased by 11% over the year, reaching 26.1 thousand.

As a result of financing by the Holding’s subsidiaries:

- **3,800 agricultural producers were financed (investments, procurement of basic and replenishment of working capital);**
- **purchase of 63 thousand of cattle, 152 thousand of small cattle, 89 thousand of horses;**
- **sowing 3.5 million hectares of farmland and 3,900 agricultural producers as part of spring field work;**
- **upgrade to 7.7 thousand units of agricultural machinery.**

Plans for SDG activities in 2024

The development of the agro-industrial complex is impossible without providing agricultural producers with affordable financial resources.

In 2024, the Holding’s subsidiaries will continue to work on the formation of an affordable lending system that encourages the development of competitive entrepreneurship in rural areas.

THE HOLDING'S OBJECTIVES AIMED AT ACHIEVING THE UN SUSTAINABLE DEVELOPMENT GOALS

UN Sustainable Development Goals



Activities of the Holding

- creating safe working conditions for employees

SDG activities for 2023

An unconditional priority for the Holding and its subsidiaries is to ensure safety and occupational health in strict accordance with the requirements of the legislation of the Republic of Kazakhstan, international and national standards, and the Holding's internal documents in this area.

While performing their official duties and being on the premises of the Holding, employees adhere to safety rules according to the approved Safety and Health Instructions in accordance with the legislation of the Republic of Kazakhstan.

In compliance with the requirements of the order of the Minister of Health and Social Development of the Republic of Kazakhstan dated December 25, 2015, #1019 "On Approval of the Rules and Terms of Training, Briefings, and Knowledge Checks on Safety and Health Issues for Employees", annual training events are conducted. In 2023, training seminars were held for the management team and directors of the Holding's structural units on the topic "Safety and Health at Enterprises and Fire Safety Minimum", followed by a special exam with the participation of the state labor and safety inspector of Astana. Additionally, in October 2023, 100 Holding employees received first aid training.

To mitigate threats to life and health, first aid kits are installed in the Holding's offices, and to ensure safety in emergency situations, each employee is provided with an individual smoke protection kit (SPK) and a fire blanket (FB) at their workplaces. Employees are also provided with free medical insurance, annual medical examinations without work interruption, and seasonal vaccinations for the prevention of ARVI and influenza.

Together with Kazakhstan Housing Company JSC (hereinafter referred to as KHC), the Holding conducted training and drill sessions on fire safety, including the evacuation of all employees of the Holding and its subsidiaries from the Baiterek Business Center as part of the approved Fire Safety Action Plan for 2023.

There were no injury cases in the Holding and its subsidiaries in 2023.

On October 17, 2023, the Holding received the ST RK ISO 14001-2016 (ISO 14001:2015) "Environmental Management Systems. Requirements and Guidelines for Use" and ST RK ISO 45001-2019 (ISO 45001:2018) "Occupational Health and Safety Management Systems. Requirements and Guidelines for Use" certificates.

In 2024, the Holding will continue to ensure safe working conditions in compliance with state standards, rules, and guiding documents on standardization, sanitary norms, and regulations. All Holding employees will be encouraged to actively participate in safety and health activities.

Plans for SDG activities in 2024

In 2024, work will continue to ensure safe working conditions, taking into account the requirements of state standards, rules and guidelines for standardization, sanitary norms and rules. It is planned to involve all employees of the Holding to actively participate in the work on occupational safety and health.

THE HOLDING'S OBJECTIVES AIMED AT ACHIEVING THE UN SUSTAINABLE DEVELOPMENT GOALS

UN Sustainable Development Goals



Activities of the Holding

- non-financial support for entrepreneurs, including the organization of training programs
- implementation of internal training programs
- support of charitable educational projects

SDG activities for 2023

The Holding's subsidiary, Entrepreneurship Development Fund Damu JSC (hereinafter referred to as the Damu Fund), alongside financial support programs, implements training and consulting support programs for entrepreneurs. Various training events are organized jointly with local and international partners.

The Holding regularly conducts training/seminars aimed at developing professional knowledge, including finance, accounting and auditing, data analysis, IT, investment projects, sustainable development, government relations, corporate governance, human resources management, training in State and English languages, internal control and audit, and more. In 2023, training was also organized on artificial intelligence, first aid, and preparation for international certification exams such as DipIFR (Rus), ACCA SBL, the Professional Internal Auditor Diploma (DipPIA), Prosci® Change Management, and others.

In 2023, the Holding conducted 49 training and professional development events for employees. Of these, 92% focused on developing professional (hard skills) and personal-business competencies (soft skills), 4% on mandatory training, and 4% on language skills development. On average, each employee attended 3 or more training/seminars.

Plans for SDG activities in 2024

In 2024, it is planned to continue training events for the Holding's employees as part of the Holding's Training and Professional Development Plan for the corresponding year.

Work will also continue to provide non-financial assistance, including jointly with foreign partners through the organization of B2B meetings, forums, seminars and consultations.



Activities of the Holding

- creating equal working conditions and career opportunities
- ensuring an equal system of performance evaluation and remuneration

SDG activities for 2023

The Holding provides equal working conditions and career opportunities for both men and women. Since 2022, the gender structure of personnel at Baiterek NMH JSC consists of 50% women. In June 2022, the Holding joined the UN global initiative – Women's Empowerment Principles. The Holding actively supports women's initiatives and leadership. In line with the Unified HR Policy of the Holding, the development plans include the KPI "Number of women in leadership positions in the Holding and its subsidiaries" for 2022–2024. Additionally, priority is given to women when selecting candidates for the Holding's Unified Talent Pool. Furthermore, the Holding periodically provides charitable assistance to women with children in difficult life situations. In 2023, a charity fair was held, raising 2.2 million Tenge to purchase New Year's gifts for children with disabilities and from low-income families, as well as for children undergoing long-term treatment at the "Motherhood and Childhood" center.

Within the Holding Group, a grading and unified remuneration system has been implemented. The introduction of unified principles ensures internal fairness of the remuneration system and alignment with the current labor market situation.

Plans for SDG activities in 2024

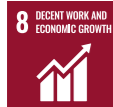
The Holding Group implements a Unified HR Policy for 2022–2024 (the HR Policy), one of the objectives of which is to develop a corporate culture based on ESG principles in the Holding and SDs.

In this regard, in accordance with the HR Policy of the Holding, the indicator "Number of women in the management of the Holding and subsidiaries" is included in the development plans as a KPI for 2022–2024.

In the medium term, the Holding plans to implement the program "Development of Women's Leadership" to ensure the principle of diversity and inclusiveness throughout the Holding Group.

THE HOLDING'S OBJECTIVES AIMED AT ACHIEVING THE UN SUSTAINABLE DEVELOPMENT GOALS

UN Sustainable Development Goals



Activities of the Holding

- support of large business and development of SMEs by providing financial instruments of the Holding
- implementation of initiatives aimed at improving the customer orientation of services

SDG activities for 2023

The key development institution within the Holding for financing large strategic projects in the manufacturing industry and infrastructure is the Development Bank of Kazakhstan (DBK). In 2023, DBK financed 13 projects, including bank guarantees, 29 export operations, and 255 leasing transactions totaling approximately 1,061 billion Tenge. Thanks to the support measures of DBK and its subsidiary Industrial Development Fund JSC (IDF), 5 investment projects were put into operation in 2023.

Supporting entrepreneurship is one of the strategic directions of the Holding's development. The Damu Fund provides significant assistance in developing SMEs within the framework of state programs. In 2023, the Damu Fund supported 23.9 thousand projects using financial instruments for the amount of loans of 1.57 trillion Tenge. Additionally, preferential loans were provided to 3.3 thousand borrowers for a total of 197.9 billion Tenge.

To implement the Holding group's large-scale digitalization plans, the Holding's Digitalization Strategy for 2024–2026, the Action Plan for its implementation, and the Roadmap for large-scale digitalization were approved.

Plans for SDG activities in 2024

In 2024, work will continue in the direction of the Holding's Digitalization Strategy.

In addition, within the framework of its mandate, the Holding will continue to support small, medium and large businesses in the non-primary sector, as well as in the agricultural sector.



THE HOLDING'S OBJECTIVES AIMED AT ACHIEVING THE UN SUSTAINABLE DEVELOPMENT GOALS

UN Sustainable Development Goals



Activities of the Holding

- support of projects aimed at increasing labor productivity in the manufacturing industry
- promotion of Kazakhstani producers of non-primary goods and service providers in foreign markets and strengthening their competitiveness
- support for housing construction
- development of technological entrepreneurship and private equity infrastructure

SDG activities for 2023

Significant achievements have also been made in supporting Kazakhstani exporters. In 2023, DBK financed the entry of Kazakhstani products into foreign markets, including oil and fat products (Altyn Shyghys LLP and Qazaq Astyq Group LLP), zinc products (Kazzinc LLP), and passenger cars (Hyundai Trans Kazakhstan LLP). The total amount of loans for export operations amounted to 372 billion Tenge. In 2023, with the assistance of another Holding subsidiary, Export Credit Agency of Kazakhstan JSC (ECA), 70 exporting enterprises were supported for a total of over 344 billion Tenge.

Through the support instruments of DBK and ECA, 115 exporters were supported, 37 of which are new.

A key player in the direct investment (DI) market within the Holding Group is QIC, whose tasks include attracting DI and promoting sustainable economic development in Kazakhstan by providing equity financing through direct investment funds (DIFs). QIC invests in and manages DIFs in partnership with international institutional investors, sovereign funds, and international financial organizations to foster growth and competitiveness. As of the end of 2023, QIC's portfolio consisted of 18 DIFs, with cumulative investments by funds involving QIC amounting to USD 2.5 billion.

The Damu Fund also supports priority sectors of the economy, including processing, manufacturing, medicine, education, tourism, etc. Annually, it hosts the exhibition of Kazakhstani manufacturers "ULTTYQ ONIM", which showcases recipients of state support. This exhibition has been held since 2015 and serves as an effective platform for bringing together Kazakhstani producers, offering participants a unique opportunity to exchange experiences in production, processing, and promotion of domestic products to achieve high results in improving product and service quality. In 2023, the number of participants reached 320 enterprises from various sectors and regions of the country supported by state programs, with over 22,000 visitors and sales totaling 74.1 million Tenge.

The Holding will continue to work on developing the manufacturing industry, increasing labor productivity, creating jobs, and overall developing the non-resource sector of Kazakhstan's economy.

As part of the support of housing construction in 2023, KHC entered into agreements to subsidize the interest rate on loans issued by second-tier banks to private developers in the cities of Aktau, Uralsk, Semey, Atyrau, Aktobe, Almaty, Kokshetau and Ust-Kamenogorsk in the amount of 10.5 billion Tenge.

At the end of 2023, KHC issued 41 guarantees for the completion of construction of residential buildings totaling 167.7 billion Tenge. In 2023, KHC purchased Municipal Investment Bonds to finance the construction of affordable housing in the regions for a total amount of 139.6 billion Tenge.

At the end of 2023, the volume of housing commissioning at the expense of all KHC instruments amounted to 2,159 thousand square meters / 24,934 apartments.

Plans for SDG activities in 2024

The Holding will continue to focus its efforts on the development of the manufacturing industry, increasing labor productivity, creating jobs and, in general, on the development of the economy of Kazakhstan.

THE HOLDING'S OBJECTIVES AIMED AT ACHIEVING THE UN SUSTAINABLE DEVELOPMENT GOALS

UN Sustainable Development Goals



Activities of the Holding

- product development for young people, start-up entrepreneurs
- development of products for socially vulnerable segments of the population
- support of people with disabilities in the regions of presence through the implementation of charitable projects

SDG activities for 2023

Since 2019, the Holding's subsidiaries, Obasy Bank JSC and KHC, have been successfully implementing the "Baqytty Otbasý" program for financing affordable housing for socially vulnerable groups of the population.

Additionally, in 2024, Otbasý Bank will launch a preferential mortgage program "9–20–25" aimed at working youth (with a 20% down payment, at 9% interest rate, and for 25 years).

In order to ensure housing affordability, KHC sells apartments for rent with subsequent purchase. In 2023, the Holding's subsidiary ACC issued concessional microloans to young people aged 21 to 35 for starting and expanding their businesses.

The Holding annually implements initiative projects:

Participation in the charitable campaign "Road to School". Employees of the Holding collected backpacks with school supplies for children from socially vulnerable families. Assistance to those in need is provided every year.

The Holding organizes a Donor Day, during which employees of the Holding and its subsidiaries donate blood.

The Holding hosts the Baiterek – Open Hearts charity fair, with proceeds going towards organizing New Year's parties, gifts for children with disabilities and from low-income families, as well as children undergoing long-term treatment at the "Motherhood and Childhood" center.

To support and include people with physical development difficulties, including those with disabilities or mental health conditions, the Group of Companies of the Holding employs workers with disabilities.

The Damu Fund also implements programs to support female entrepreneurship. Thanks to the state support measures provided by the Fund, the share of women entrepreneurs among all entrepreneurs who received financial support through the Fund's programs is over 47%.

Plans for SDG activities in 2024

In 2024, work will continue on the development of tools to support social and youth entrepreneurship.

THE HOLDING'S OBJECTIVES AIMED AT ACHIEVING THE UN SUSTAINABLE DEVELOPMENT GOALS

UN Sustainable Development Goals



Activities of the Holding

- providing the population with housing
- support of large infrastructure and industrial projects
- comprehensive support for SMEs

SDG activities for 2023

The Holding's subsidiaries are focused on stimulating the economy to increase job opportunities, provide affordable housing, and promote priority sectors that will improve the quality of life for the population.

KHC entered into 288 lease-purchase agreements for housing for the amount of 4.5 billion Tenge within the framework of housing provision. KHC entered into agreements to subsidize the interest rate on loans issued by second-tier banks to private developers in the cities of Aktau, Uralsk, Semey, Atyrau, Aktobe, Almaty, Kokshetau and Ust-Kamenogorsk in the amount of 10.5 billion Tenge.

At the end of 2023, KHC issued 41 guarantees for the completion of construction of residential buildings totaling 167.7 billion Tenge.

In 2023, KHC purchased municipal bonds to finance the construction of affordable housing in the regions for a total amount of 139.6 billion Tenge.

The volume of housing commissioning at the expense of all KHC instruments amounted to 2,159 thousand square meters/24,934 apartments.

Housing loans issued amounted to 1,068 billion Tenge.

In 2023, the Development Bank of Kazakhstan (DBK) financed projects totaling 748 billion Tenge through direct lending. In 2023, three enterprises financed with the Bank's involvement were put into operation and modernized.

In 2023, the Damu Fund supported 23,900 projects using financial instruments with a total loan amount of 1.566 trillion Tenge.

Plans for SDG activities in 2024

In 2024, within the framework of its mandate, the Holding will continue to support small, medium and large businesses in the non-primary sector, as well as in the agricultural sector.



THE HOLDING'S OBJECTIVES AIMED AT ACHIEVING THE UN SUSTAINABLE DEVELOPMENT GOALS

UN Sustainable Development Goals



Activities of the Holding

- support for green projects
- application of resource-saving technologies in the office of the Holding
- responsible resource consumption

SDG activities for 2023

In the first half of 2023, the Holding supported a number of projects in the field of green energy with a total financing amount of 177.5 billion Tenge (including the construction of hydroelectric power stations, solar, and wind power plants). Specifically, through the Development Bank of Kazakhstan (DBK), 7 investment projects in renewable energy (RE) are under administration and financing with a total amount of 118.5 billion Tenge:

- Construction of the Turgusun Hydroelectric Power Plant in East Kazakhstan Region.
- Construction of the "Zhylga" photovoltaic power station.
- Construction of the "Abai" wind power station with a capacity of 150 MW in East Kazakhstan and Almaty Regions.
- Construction of a 100 MW solar power station in Balhash, Karaganda Region.
- Construction of a 50 MW solar power station in Almaty Region.
- Construction of the "Ybyray" wind power station with a capacity of 50 MW in Kostanay District, Kostanay Region.
- Construction of a cascade of hydroelectric power stations on the Baskan River.

QIC supported a number of green energy projects with a total financing amount of 11.1 billion Tenge (including the construction of solar and hydroelectric power stations):

- Construction of the "Kengir" solar power station with a capacity of 10 MW in Karaganda Region.
- Construction of the "Baikonur" solar power station with a capacity of 50 MW in Kyzylorda Region.
- Construction of the "Verkhne-Talaptinskaya" hydroelectric power station in Almaty Region.

In 2023, an assessment of the environmental impact from the implementation of green projects for 2022 was conducted (this assessment is done once a year in the fall). The financed projects (through DBK, QIC, and the Industrial Development Fund) generated 1,052,479 thousand kWh of electricity. For example, solar power stations produced 20.5% of the total electricity generated in the country from solar energy, while wind power stations contributed 26.5% of the total generation in the country from wind energy.

Since January 2023, the Holding's subsidiary, Otbasy Bank, has launched the acceptance of applications for the "Green Mortgage" program (a loan for purchasing property that is focused on protecting human health and the environment, i.e., the developer uses safe and eco-friendly materials, improves and greens the surrounding area, organizes waste disposal systems, applies water-saving technologies, and uses energy-efficient solutions).

Due to the nature of its activities, the Holding does not have a direct significant impact on the environment. The main resources consumed by the Holding are electricity, thermal energy, and water.

The Holding applies principles and methods for the rational use of resources to best prevent adverse environmental impacts.

In its activities, the Holding strives to reduce excessive resource consumption and minimize existing negative environmental impacts by implementing energy-efficient technologies, reducing water consumption, and decreasing paper use for office needs (particularly through the introduction of an electronic document management system).

Work is ongoing: between 2022 and 2023, waste sorting bins (for plastic, glass, paper, and unsorted waste) have been installed on each floor of the Baiterek Business Center. Additionally, work is underway with the waste disposal service provider to ensure waste collection and separate disposal.

Plans for SDG activities in 2024

In the next reporting year, the Holding and its subsidiaries will continue to attract investments to support green/social projects, sustainable development projects from financial organizations by issuing bonds.

The Holding will also continue to implement the Concept of a "green office", in particular, it is planned:

- quarterly from 2023 to calculate the volume of waste paper handed over for recycling;
- consider obtaining a certificate for occupational health and safety (OHSAS 18001) / Environmental management (ISO 14001);
- consider the possibility of installing an automatic lighting control system in the corridors (motion sensors);
- to plant trees and other things.

THE HOLDING'S OBJECTIVES AIMED AT ACHIEVING THE UN SUSTAINABLE DEVELOPMENT GOALS

UN Sustainable Development Goals



Activities of the Holding

- implementation of state programs aimed at the socio-economic development of the country
- participation in the development/updating of regulatory legal acts affecting the interests of the Holding

SDG activities for 2023

In December 2023, a new Development Plan of the Holding for 2024–2033 was approved, which includes three strategic directions of activity: supporting entrepreneurship, developing the equity financing ecosystem, and providing housing for the population. Under the updated Development Plan, the Holding will act as a locomotive for project financing development in Kazakhstan. To reduce government involvement in financing priority projects, private investors will be maximally engaged. The Holding's subsidiaries aim to support the implementation of new technologies and business methods in enterprises, encourage large companies to collaborate with SMEs, and support them in supply chains. Special attention will be given to responsible financing. The Holding adheres to ESG principles and actively incorporates them into its activities, with expected development of supporting tools for green projects.

Plans for SDG activities in 2024

In 2024, the Holding will continue to work on the implementation of state programs and the fulfillment of the instructions of the Sole Shareholder.



Activities of the Holding

- cooperation with international institutions and financial organizations on sustainable development issues
- participation in conferences, forums, round tables on the promotion of SDGs in Kazakhstan

SDG activities for 2023

The Holding actively participates in national and international sustainability initiatives aimed at facilitating the country's accelerated transition to a green economy. For example, in 2022, the Holding became the first organization in Kazakhstan to sign the UN Women Empowerment Principles (WEPs) initiatives in the post-pandemic period. Additionally, in 2023, a report on the implementation of the WEPs initiative was prepared and included in the Holding's Sustainable Development Report 2022.

In 2023, the Holding received an ESG rating from the international agency Sustainable Fitch.

The Holding regularly participates in round tables and seminars dedicated to sustainability issues.

Plans for SDG activities in 2024

In 2024, the Holding will continue to work on cooperation with partners.

Within the framework of cooperation with UNDP, it is planned to implement a new product under the agreement on the project "Creating conditions for attracting investors to energy efficiency in Kazakhstan" as part of the guarantee tool.

Within the framework of cooperation with UNDP, it is also planned to implement a new product under the agreement on the project "Creating conditions for attracting investors to energy efficiency in Kazakhstan" as part of the guarantee tool.

Affiliated organizations are planning to carry out activities to obtain accreditation in the Green Climate Fund.

INTERACTION WITH STAKEHOLDERS

The Holding has a strong focus on the establishment of effective and well-balanced relations with all its stakeholders.

To pursue a successful and effective sustainable development policy, Baiterek NMH JSC takes proper care of its communication with stakeholders. When identifying stakeholders, the Holding and its subsidiaries apply to relevant international standards. To determine the list of stakeholders, the degree of their influence and spheres of their influence on the Holding's interests, the Map of Stakeholders of the Holding has been developed, which allows systematizing and visualizing the information about those surrounding the Holding and its subsidiaries in order to develop an adequate strategy to deal with each of the stakeholders.

The process of organization of interactions between the Holding and its stakeholders is based on the principle of involvement, which implies taking into account the stakeholders' interests at all stages of the management process of the Holding's activities and involving the stakeholders in the discussion of material topics and important issues, potential risks and liability limits.

The main forms of interactions with the stakeholders are as follows:

1. Questionnaires, focus groups, meetings with stakeholders, public meetings, workshops, providing feedback via means of communication, and advisory councils;
2. Collective bargaining according to the social partnership principles;
3. Multilateral forums, consultative panels, consensus-building, joint decision-making, focus groups, feedback schemes;
4. Joint projects, joint ventures, partnership, joint initiatives of stakeholders;

5. Integration of matters concerning the interaction with stakeholders into management, strategy, and operating activities.

Stakeholders' involvement is achieved through the adherence to the following three principles:

1. **Materiality.** The Holding clearly identifies its stakeholders and understands which interests of the stakeholders are material.
2. **Completeness.** In the course of its activities, the Holding pays attention to the stakeholders' concerns, in particular, understands their views, needs and expected results of the activities, as well as their opinions on significant matters.
3. **Response.** The Holding consistently responds to all the material questions of its stakeholders.

To ensure management of its interrelations with the stakeholders, Baiterek NMH JSC focuses its activities on the following basic principles:

- respects and takes into account interests of all stakeholders;
- seeks to actively inform the target audiences of its activities;
- ensures objectivity, reliability, independence and a high level of information transparency in the context of the implementation of state programs, certain internal procedures (procurement, competitive selection of external candidates to be employed, provision of financial and nonfinancial services), as well as in utilization of financial resources;
- ensures an open and efficient cooperation with all stakeholders;
- respect its commitments to the stakeholders;
- receives feedback from the stakeholders on a regular basis.

THE MAIN GROUPS OF STAKEHOLDERS AND METHODS OF INTERACTION WITH THEM

Interests / motives	Tools of influence	Strategy of interaction in 2023
Sole shareholder		
Compliance with the interests of the sole shareholder of the Holding, achieving strategic goals/indicators	Charter, Corporate Governance Code of the Holding, official requests	<p>Ensuring the rights of the Sole Shareholder (hereinafter – SS)</p> <p>Corporate governance in the Holding and its subsidiaries is based on ensuring the protection, respect for the rights and legitimate interests of SS and is aimed at contributing to the effective operation of the Holding and achieving profitability.</p> <p>Baiterek NMH JSC ensures the implementation of the sole shareholder's rights, including the right to participate in the management of the Holding and to elect the Board of Directors in accordance with the laws of the Republic of Kazakhstan "On Joint Stock Companies", "On State Property", and/or the Holding's charter.</p> <p>As part of the implementation of sole shareholder's rights, a new composition of the Board of Directors of the Holding, consisting of ten members, was elected on January 5, 2023, by order of the Ministry of National Economy of the Republic of Kazakhstan #2.</p> <p>Achievement of Strategic Indicators</p> <p>The Development Plan of Baiterek NMH JSC for 2024–2033 was approved by the Government of the Republic of Kazakhstan on December 25, 2023, Resolution #1180. The Development Plan was prepared taking into account the main directions of state policy in industrial-innovative, socio-economic, and other spheres relevant to the activities of Baiterek NMH JSC, and defines its mission, vision, strategic directions, goals, and objectives for 2024–2033.</p> <p>The Development Plan considers the instructions given to the Holding within the framework of the President of the Republic of Kazakhstan's addresses regarding the country's situation and the main directions of internal and external policy, provisions in strategic and programmatic documents of the state planning system, as well as changes in the internal and external environment that have a significant impact on the Holding's activities.</p> <p>To ensure the implementation of the Development Plan, the Board of Directors of the Holding approved a three-year Action Plan for the implementation of the Development Plan on February 13, 2024 (Minute #08/24), detailing the actions required to achieve the strategic KPIs and strategic objectives within the framework of the Holding's three strategic directions of activity.</p>

Interests / motives	Tools of influence	Strategy of interaction in 2023
Management body		
General management of the Holding's activities related to the Authority's competence	Charter, internal documents of the Holding	<p>Decision-making on issues, with the exception of issues related to the competence of SS</p> <p>The Board of Directors is the governing body of Baiterek NMH JSC, responsible for overall management of its activities, except for issues within the competence of Sole shareholder.</p> <p>According to Section 2 of Chapter 1 of the Regulations on the Board of Directors of Baiterek NMH JSC, the activities of the Board of Directors are based on the principles of effectiveness and accountability, and the maximum adherence to and realization of the interests of Sole shareholder and the Holding.</p> <p>Carrying out overall strategic management of the Holding's activities</p> <p>In the reporting year (2023), 10 meetings of the Holding's Board of Directors were held, of which 5 meetings were held in person and 5 in absentia. In total, the Board of Directors of the Holding considered 83 issues.</p>
Management		
Managing the current activities of the Holding, making decisions on issues of activity that are not within the competence of other bodies and officials of the Holding	Charter, internal documents of the Holding	<p>Managing the operational activities of the Holding</p> <p>In accordance with paragraph 1.4 of Chapter 1 of the Statute on the Management Board of Baiterek NMH JSC, the Management Board is a collegial executive body of the Holding and manages its current activities, acts in the interests of the Holding and its SS and is accountable to the latter and the BoD of the Holding.</p> <p>Execution of decisions of the sole shareholder and the Board of Directors of the Holding</p> <p>The Management Board receives instructions on a systematic basis and strives to fulfill them fully and in a timely manner.</p> <p>During 2023, the Management Board of the Holding held 56 meetings, including 37 in-person and 19 in absentia.</p>
Staff		
Career growth, high wages, social security (medical insurance, annual paid leave), professional development	Labor Code, employment contracts (contracts of a civil nature)	<p>Execution of official powers aimed at the implementation of the tasks and functions of the Holding</p> <p>An open, transparent HR Policy aimed at the formation of qualified and motivated personnel is carried out.</p> <p>Work is being carried out to ensure equal opportunities for all employees to realize their potential in the course of their work, an impartial and fair assessment of their results, the selection and career growth of employees solely on the basis of professional abilities, knowledge and skills.</p>
Government agencies		
Tax receipts, economic growth, employment of the population / creation of new jobs, solving social problems	Laws, state programs of socio-economic development, regulatory regulation, official requests	<p>Participation in working groups, forums, conferences</p> <p>The Holding carries out systematic work in terms of the implementation of state programs, the effect of which, including total and export revenue, job creation, tax revenues are provided on a periodic basis to state bodies.</p> <p>Business correspondence and/or preparation of responses to requests</p> <p>In 2023, 85 responses to requests for clarification of support tools and exchange of information on investment projects were sent to government agencies.</p>

Interests / motives	Tools of influence	Strategy of interaction in 2023
Customers, consumers		
Social interests / commercial interests	Contracts	<p>Business correspondence, meetings with clients</p> <p>In 2023, 24 meetings of the Holding's representatives with entrepreneurs/other interested parties were held, and 14 conferences/forums were held to explain business support tools.</p> <p>Ensuring compliance with the expectations of consumers of financial/non-financial products and services of the Holding and SDs</p> <p>According to the Development Plan for 2024–2033, customers surveys are conducted every two years. The next assessment is scheduled for 2024.</p> <p>For reference: In 2022, by conducting a survey of the Holding's customers by the independent polling company "Prosperous Future" LLP, the calculation of the "Customer Satisfaction" was made. Overall customer satisfaction with the services of the Holding Group of Companies was 84%, with an average score of 5.9 out of 7. It is worth noting that entrepreneurs demonstrate a positive trend in the level of trust in the activities of development institutions.</p>
Subsidiaries		
Compliance with the interests of shareholders/participants	Charter of the Holding, internal documents of the Holding, Charters of subsidiaries	<p>Correspondence and sending requests to subsidiaries</p> <p>In accordance with the Corporate Governance Code of the Holding, the Management Board sends letters about the expectations for the next year of Baiterek NMH JSC as the Sole Shareholder to the Chairman of the Boards of Directors and representatives of SS as part of the Board of Directors. The purpose of this letter is to convey to the members of the Board of Directors of the Holding the expectations of the Holding as SS subsidiaries of the Holding on the main directions and results of activity important for SS.</p> <p>Control over the execution of orders sent by the Holding</p> <p>The letter of expectation is a guide for the Board of Directors of the subsidiary of the Holding in providing strategic management to achieve strategic development priorities for the next year, strategic performance indicators, effective performance indicators of state programs in which the subsidiary of the Holding participates, improving the efficiency of the subsidiary.</p>
Public Council		
Implementation of goals and objectives Public Council, implementation of public control	Statute on the Public Council	<p>Discussion of the holding's draft strategy and development plan, as well as reports on the implementation of the holding's strategy and development plan</p> <p>During the reporting period, meetings of the Public Council were held on May 31, April 14, June 27, September 29, and December 25, 2023, within which issues of strategy, development plans, results of financial and economic activities of the Holding and subsidiaries were considered.</p>

Interests / motives	Tools of influence	Strategy of interaction in 2023
Auditors, consulting companies		
Provision of consulting and financial audit services	Contracts	<p>Conclusion of contracts for the provision of consulting and audit services</p> <p>Since 2014, KPMG Audit LLP has been the external auditor of Baiterek NMH JSC. For 2022–2023, an agreement was concluded with KPMG Audit LLP in accordance with the decision of the meeting of the Board of Directors of Baiterek NMH JSC dated July 15, 2022 # 05/22.</p> <p>On December 15, 2022, an agreement was signed with KPMG Tax and Advisory LLP to provide comprehensive diagnostic and consulting services in the field of sustainable development and ESG, the main purpose of which was to develop a roadmap of initiatives to improve the ESG rating.</p> <p>To comply with the provisions of the Code, the Holding has procured services for an independent assessment of corporate governance, concluding a Service Procurement Agreement dated September 8, 2023, #130540020197EEP2308015/00 with KPMG Tax & Advisory LLP.</p> <p>The final corporate governance rating is 98.8%, including the following subcomponents:</p> <ul style="list-style-type: none"> Effectiveness of the Board of Directors and Management Board – 99%; Risk Management and Internal Audit – 98%; Sustainable Development – 98%; Transparency – 99%.
Suppliers		
Commercial interests, provision of goods, performance of works and provision of services in accordance with the stated requirements	Contracts, agreements	<p>Participation in procurement</p> <p>The Holding in its activities in the procurement of goods, works and services, including when concluding procurement contracts, is guided by the LRK “On procurement of certain subjects of the quasi-public sector” and the Rules for procurement by individual subjects of the quasi-public sector, with the exception of the National Welfare Fund and organizations of the National Welfare Fund, approved by the order of the Minister of Finance of the Republic of Kazakhstan dated November 30 2021, #1253.</p> <p>At the end of 2023, the execution of the Baiterek NMH JSC Procurement Plan amounted to 100% (compared to 99.9% in 2022), with the following details:</p> <ul style="list-style-type: none"> Contracts concluded amounted to 1,929,070 thousand Tenge (savings totaled 44,539 thousand Tenge, or 2.3%), including: <ul style="list-style-type: none"> Tender – 1,057,170 thousand Tenge (54.8%) (compared to 36.2% in 2022) (savings amounted to 21,003 thousand Tenge); Single-source procurement due to failed tenders – 149,918 thousand Tenge (7.8%) (compared to 5.7% in 2022); Request for Quotations – 198,530 thousand Tenge (10.3%) (compared to 6.4% in 2022) (savings amounted to 20,867 thousand Tenge); Single-source procurement due to failed Requests for Quotations – 40,971 thousand Tenge (2.1%) (compared to 2.2% in 2022) (savings amounted to 187 thousand Tenge); Electronic store – 8,343 thousand Tenge (0.4%) (compared to 0.1% in 2022) (savings amounted to 166 thousand Tenge); Single-source procurement through direct contract – 474,138 thousand Tenge (24.6%) (compared to 49.4% in 2022) (savings amounted to 2,316 thousand Tenge).

Interests / motives	Tools of influence	Strategy of interaction in 2023
Investors		
Return on investment, refund of funds	Memoranda, contracts	<p>Business correspondence, meetings with (potential) investors</p> <p>In 2022, 24 meetings of the Holding's representatives with entrepreneurs/other interested parties were held, and 4 conferences/forums were held to explain business support tools.</p> <p>Attracting investments for the implementation of projects and core activities</p> <p>Meetings and correspondence with potential investors were held in 2022. 2 trilateral Memorandums of Understanding (MOU) were signed between the Holding, Baladna, Dinara Group Agroholding LLP and Alel Agro JSC, as well as 1 bilateral MOU between the Holding and Hassad Food Company QCSC.</p>
Financial institutions		
Placement of free funds on deposit accounts, maintenance of special accounts	Contracts, qualifications and professionalism of employees	<p>Placement of free funds and improvement of financial indicators</p> <p>In August 2022, the Holding concluded 2 bank deposit agreements with Bereke Bank JSC for 70 billion Tenge and 40 billion Russian rubles. Transactions are also concluded daily with Halyk Bank of Kazakhstan JSC and Bereke Bank JSC on the placement of funds on overnight deposits by joining the terms of placement of term and savings deposits.</p>
Partners		
Commercial interests, mutually beneficial cooperation	Contracts, agreements, memoranda of understanding	<p>Mutually beneficial cooperation, improvement of business and technological processes and their automation</p> <p>World Bank Group</p> <p>Collaboration on a potential project aimed at improving the financing, digitalization and greening of MSMEs to ensure sustainable productivity.</p> <p>Conclusion of contracts, control over the execution of contractual relations</p> <p>United Kingdom – JP Morgan</p> <p>People's Republic of China – China Construction Bank Corporation Astana Branch, “Sinoyutong International PTE.LTD”</p> <p>Republic of Turkey – Organization for the Development and Support of Small and Medium-sized Businesses “KOSGEB”</p> <p>Qatari holding “Hassad Food”</p> <p>A memorandum of cooperation in the field of agriculture was signed to create a trading company to ensure the supply of agricultural products between Kazakhstan and Qatar.</p>

Interests / motives	Tools of influence	Strategy of interaction in 2023
Public organizations		
Implementation of goals and tasks of public organizations	Contracts, agreements, memoranda of understanding	<p>Implementation of charity and sponsorship</p> <p>In 2022, the Holding allocated 150 million Tenge in the form of sponsorship to the Kazakhstan Fund for Economic Initiatives.</p> <p>Conducting joint events with associations and/or associations (meetings, charity events, etc.)</p> <p>Baiterek NMH JSC and its subsidiaries regularly conduct charity events and provide assistance to people who find themselves in difficult life situations, as well as animal protection organizations.</p>
Mass media		
Constructive cooperation	Publications and information about the Holding's activities	<p>Conducting press conferences, providing press releases and arranging interviews</p> <p>On December 22, 2021, by the decision of the Management Board #68/21, the Holding's media plan for 2022 was approved, including 36 events (press releases, reports, articles) aimed at covering the Holding's activities.</p>
Population		
Public opinion, appeals to higher and regulatory authorities, mass media	Public opinion, appeals to higher and regulatory authorities, mass media	<p>Posting up-to-date public information on the corporate website of the Holding, including the publication of financial and non-financial statements about its activities</p> <p>By the decision of the Board of Directors of the Holding dated 29.08.2023 (Minutes 05/23), the Annual Report of the Holding for 2021 was approved, containing detailed information on the achievements of the Holding, with subsequent posting on the Holding's website (https://www.baiterek.gov.kz/ru/o-kholdinge/otchetnost-kholdinga/godovye-otchetiy/). The Sustainable Development Report was taken into account by the Board of Directors on 29.08.2023 (Minutes #05/23), sent for posting on the Holding's website on September 7, 2023 (Note #3725) and posted on the website (https://baiterek.gov.kz/ru/o-kholdinge/otchetnost-kholdinga/otchetnost-po-ustoychivomu-razvitiyu/).</p> <p>Timely response to the appeal of individuals</p> <p>The E-otinish system receives appeals from individuals, which are comprehensively considered in accordance with the Law on Appeals.</p>

Interests / motives	Tools of influence	Strategy of interaction in 2023
International organizations		
Implementation of joint international projects, mutually beneficial commercial interests	Assignment of an international rating, contracts and agreements	<p>Conclusion of contracts and agreements on mutually beneficial cooperation</p> <p>On July 18, 2022, the Holding and the international rating agency Fitch Ratings signed an Agreement on remuneration for the period from 2022–2023.</p> <p>Meetings, business correspondence</p> <p>On March 3, 2022, a meeting was held with the Moscow Office of Moody's Investor Service in the zoom-meeting format with the participation of Managing Director, Member of the Management Board E.E. Khamitov.</p> <p>On March 24, 2022, a meeting was held with the London Office of Moody's Investor Service in the zoom-meeting format with the participation of Managing Director, Member of the Management Board E.E. Khamitov.</p> <p>In preparation for meetings with Moody's Investor Service on March 3 (Moscow office) and March 24, 2022 (London office), DCF provided information on the Holding's activities for 2021 and plans for 2022.</p>
Competitors		
Increasing the market share	Application of more developed and new technologies, asset growth, price competition, active advertising policy, market research	A single portal for supporting entrepreneurs has been launched (www.bgov.kz) to review the Holding's products and services online and automate the application processes.

CORPORATE GOVERNANCE SYSTEM

The approved Corporate Governance Code of the Holding sets forth a set of rules and recommendations that should be complied with in the course of its activities to ensure efficiency, transparency, accountability, and a high level of business ethics in relations within the Holding and with the other stakeholders.

The basic principles of the Holding's corporate governance are as follows:

1. the power delineation principle;
2. the principle of protecting the rights and interests of the Sole Shareholder;
3. the principle of effective management of the Holding by the Board of Directors and the Management Board;
4. the principle of sustainable development;
5. the principle of risk management, internal controls and internal audit;
6. the principle of settlement of corporate conflicts and conflicts of interests;
7. the principles of transparency and objectivity in the disclosure of information about the Holding's activities.

Furthermore, continuous efforts are made to perform activities aimed to improve the corporate governance, including the implementation of provisions and principles of the Corporate Governance Code of the Holding in the course of its activities. It should be also noted that the report of compliance/non-compliance

COMPLIANCE OF THE CORPORATE GOVERNANCE CODE WITH THE INTERNATIONAL STANDARDS OF CORPORATE GOVERNANCE OF THE OECD

The holding was established to promote the development and diversification of the economy, attract investment (including national investors), develop clusters and improve the corporate governance system in its subsidiaries and affiliates.

THE PRINCIPLE OF SEPARATION OF POWERS

The state body, as the Sole shareholder of the Holding, provides the Holding with full operational independence and does not interfere in the operational (current) and investment activities of the Holding, except

with the principles and provisions of the Corporate Governance Code is to be prepared. This practice has been also adopted by the subsidiaries of the Holding.

A short version of the report on compliance / non-compliance with principles and provisions of the Corporate Governance Code of Baiterek NMH JSC for 2023 is contained in the appendix to the Annual Report. A detailed version of the report is published annually on the Holding's web-site in the "Corporate Governance" section.

Furthermore, the Holding constantly monitors the key changes in the international corporate governance trends, the national laws and implements the best corporate governance practices in its activities. The Holding follows the Guidelines of the Organization for Economic Cooperation and Development (OECD) on corporate governance for the enterprises with state participation, which are adapted to the Holding's activities and are implemented within the framework of the Holding's Corporate Governance Code approved by the resolution of the Sole Shareholder, as a recognized international corporate governance standard applicable to quasi-public companies.

The Holding regularly conducts the corporate governance assessments: the internal assessment is conducted biennially, and the independent ones – every three years. So, an independent assessment of the Holding's corporate governance was carried out in December 2023 (by KPMG Tax and Advisory LLP). According to its results, the Holding was assigned the 98.8% rating (the previous rating based on the results of an independent assessment of corporate governance from 2020 was 97%).

in cases provided for by the legislation of the Republic of Kazakhstan, acts and instructions of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

State-owned enterprises carry out their activities with the same degree of efficiency, transparency and accountability as leading private enterprises.

The economic activity of the Holding and its subsidiaries must meet the market conditions regarding debt and equity finance.

All public and non-public enterprises with state participation must comply with national corporate governance codes.

THE PRINCIPLE OF PROTECTING THE RIGHTS AND INTERESTS OF THE SOLE SHAREHOLDER

The Corporate Governance Code of the Holding has been updated taking into account the provisions of the Model Code of Corporate Governance in state-Controlled Joint-Stock Companies.

Enterprises with state participation must recognize and respect the rights of interested persons provided for in legislation or in mutual agreements.

THE PRINCIPLE OF SUSTAINABLE DEVELOPMENT

The Holding and its subsidiaries are aware of the importance of their influence on the economy, the environment and society to ensure sustainable development in the long term, while maintaining a balance of interests of stakeholders.

State-owned enterprises must report substantial financial and non-financial information about the enterprise in accordance with high-quality internationally recognized standards for corporate information disclosure, including areas of special attention for the state as the owner and for the public.

THE PRINCIPLE OF TRANSPARENCY AND OBJECTIVITY OF DISCLOSURE OF INFORMATION ABOUT THE ACTIVITIES OF THE HOLDING

In order to comply with the interests of interested parties, the Holding promptly and reliably discloses information provided for by the legislation of the Republic of Kazakhstan and internal documents of the Holding, as well as information about all important aspects of its activities, including financial condition, results of operations, ownership and management structure.

Boards of directors of state-owned enterprises should have the necessary authority and objectivity to perform their functions of strategic management and control over the activities of management. They must act in good faith and be held accountable for their actions.

THE PRINCIPLE OF EFFECTIVE MANAGEMENT OF THE HOLDING BY THE BOARD OF DIRECTORS AND THE MANAGEMENT BOARD

The Board of Directors performs its functions in accordance with the legislation of the Republic of Kazakhstan, the Charter of the Holding, the Corporate Governance Code, the Regulations on the Board of Directors.

Members of the Board of Directors are personally responsible for the performance of their duties, including fiduciary duties and decisions taken, the effectiveness of their activities, actions and/or inaction.

The Management Board is accountable to the Board of Directors and is responsible for the implementation of decisions taken by the Board of Directors and the Sole Shareholder.

State-owned enterprises should develop and monitor effective policies and procedures for managing financial and operational risks, as well as risks related to human rights, employment, environmental protection and taxation.

THE PRINCIPLE OF RISK MANAGEMENT, INTERNAL CONTROL AND INTERNAL AUDIT

The Holding has an effectively functioning risk management and internal control system aimed at ensuring reasonable confidence in the achievement of its strategic and operational goals by the Holding, which is a set of organizational policies, procedures, standards of conduct and actions, methods and management mechanisms.

It is necessary to use mechanisms designed to prevent conflicts of interest, which do not allow the Board of Directors to objectively carry out its duties, and limit political interference in the work of the Board of Directors.

THE PRINCIPLE OF REGULATING CORPORATE CONFLICTS AND CONFLICTS OF INTEREST

Employees of the Holding do not allow a situation in which a conflict of interests may arise, either in relation to themselves (or related persons), or in relation to others.

In order to avoid a conflict of interest that prevents the Board of Directors from fulfilling its duties objectively and to limit political interference in the processes of the Board of Directors of the Holding, mechanisms are being introduced to prevent and regulate it.

SYSTEM OF REMUNERATIONS TO MEMBERS OF THE BOARD OF DIRECTORS AND THE MANAGEMENT BOARD

Pursuant to the Regulation on the Board of Directors of Baiterek NMH JSC, the Independent Directors being members of the Board of Directors of Baiterek NMH JSC may, while they perform their duties, be paid a remuneration for the performance of their functions as members of the Holding's Board of Directors, and/or compensated for expenses related to the performance of their functions as members of the Holding's Board of Directors, according to the procedure set forth by laws of the Republic of Kazakhstan and the Articles of Association of Baiterek NMH JSC.

The procedure, amount and terms of payment of the remuneration, compensation of expenses and payment of bonuses to the members of the Board of Directors for the performance of their duties, including the Independent Directors, shall be set forth by the Resolution of the Sole Shareholder of the Holding.

The Chairman of the Board of Directors shall, on behalf of the Holding, sign an agreement with the Independent Directors, as amended by the appendix to the Regulation on the Board of Directors of the Holding, which stipulates the amount and terms of payment of the remunerations and compensations to the Independent Directors. If an Independent Director attends a half of or less than a half of all the meetings of the Board of Directors and its Committees held in presentia and in absentia, the remuneration will be reduced, unless the Independent Director is absent due to an illness or being on leave on his/her main job.

In 2023, the remuneration associated with the performance of functions of the members of the Holding's Board of Directors was paid solely to the Independent Directors being members of the Board of Directors of Baiterek NMH JSC.

The remuneration system for the members of the Management Board of the Holding is subject to the Rules for Labor Compensation, Performance Assessment and Remuneration of the Chairman and members of the Management Board of Baiterek NMH JSC. The official salaries for members of the Management Board shall be established according to the resolution of the Board of Directors. Pursuant to Decree #1266 of the Government of the Republic of Kazakhstan dated December 2, 2014, the remuneration shall be paid to members of the Management Board based on the results of reporting year and depending on the achievement of the strategic KPIs as approved by the Board of Directors, and the results of their performance assessment, as well as the availability of net consolidated profit after the results of the company's financial and economic activities are approved in due order in accordance with the audited financial statements. Furthermore, the total annual remuneration amount shall not exceed six (6) official salaries.

In 2023, the aggregate amount of the remunerations paid to the Chairman and members of the Management Board of Baiterek NMH JSC while they were deemed to be a part of the executive body, as well as the Independent Directors being members of the Board of Directors, by the Holding was four hundred forty two million sixty eight thousand seven hundred thirty six (442,068,736) Tenge forty two (42) tiyns, before taxes and other obligatory payments to the budget.

The aggregate amount of remunerations paid to the Chairman and members of the Management Board of Baiterek NMH JSC includes salaries, remunerations paid according to the results of 2022, and bonuses paid on the occasion of a public holiday of the Republic of Kazakhstan.

AGGREGATE AMOUNT OF REMUNERATIONS PAID TO MEMBERS OF THE MANAGEMENT BOARD OF BAITEREK NMH JSC AND THE INDEPENDENT DIRECTORS BEING MEMBERS OF THE BOARD OF DIRECTORS

	2021	2022	2023
Members of the Management Board	265,866,406.28	278,097,617.22	227,101,069.75
Board of Directors	391,973,333.31	418,189,166.67	214,967,666.67

CORPORATE GOVERNANCE MODEL OF THE HOLDING

The Holding's corporate governance model ensures the effectiveness of the decision-making system, compliance with the interests of the Sole Shareholder, high standards of information disclosure, the functioning of an effective risk management system and internal control.

The corporate governance model of the Holding is aimed at ensuring transparency and accountability and provides for a clear separation of powers and responsibilities between the bodies, officials and employees of the Holding.

In accordance with the Charter of the Holding, the main bodies are:

- The sole shareholder is the supreme management body of the Holding;
- Board of Directors – management body;
- The Management Board is the executive body.

The body exercising control over the financial and economic activities of the Holding, assessment in the field of internal control, risk management, execution of documents in the field of corporate

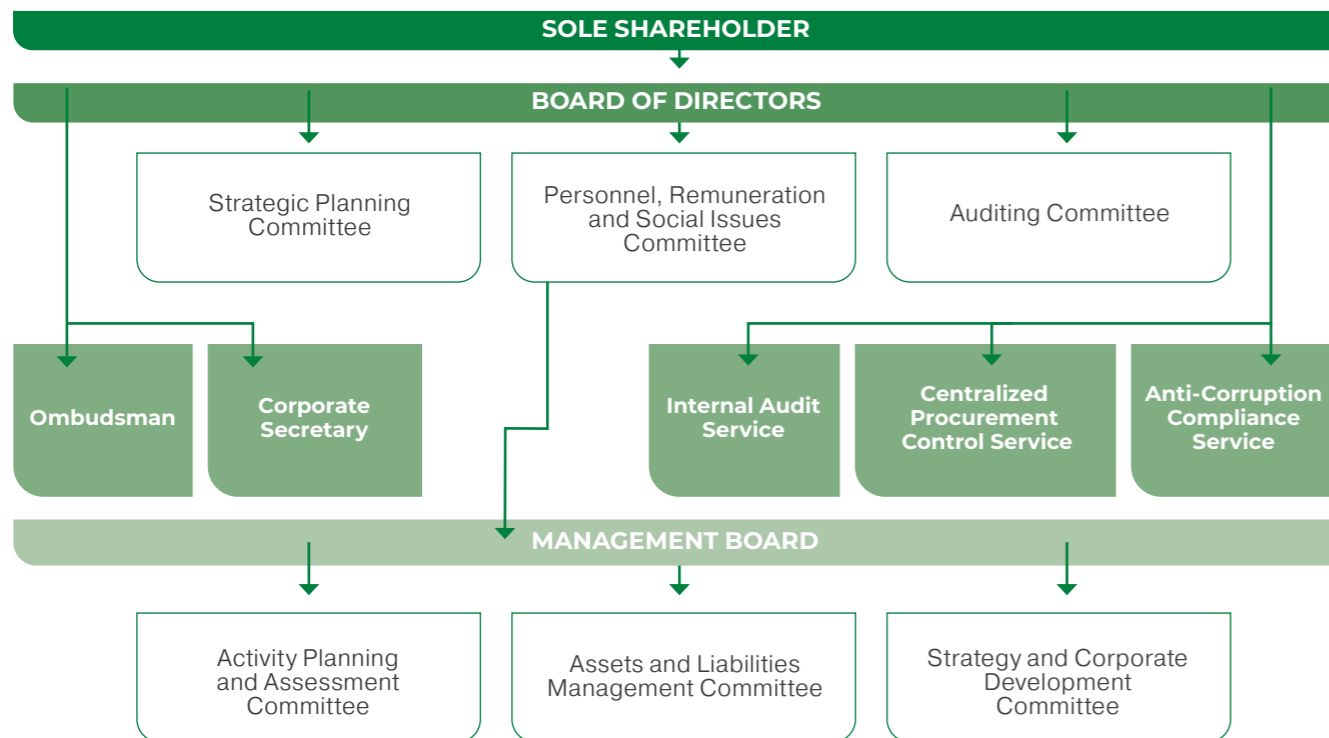
governance and consulting in order to improve the activities of the Holding is the Internal Audit Service.

In order to effectively organize the activities of the Board of Directors and the interaction of the Management Board with the Sole Shareholder, the Board of Directors appoints a corporate secretary who is not a member of the Board of Directors or the Management Board of the Holding and is accountable to the Board of Directors of the Holding.

The Board of Directors of the Holding has Committees whose competence includes consideration of issues related to audit and risk management, strategic planning, personnel, remuneration and social issues.

To prepare advisory decisions for the Management Board in certain areas of the Holding's activities, including for the preparation and preliminary consideration of issues within the competence of the Management Board, Committees have been established under the Management Board: the Committee on Planning and Evaluation of Activities, the Committee on Asset and Liability Management, the Committee on Strategy and Corporate Development.

STRUCTURE OF THE HOLDING'S CORPORATE GOVERNANCE SYSTEM



ACTION PLAN TO IMPROVE THE HOLDING'S CORPORATE GOVERNANCE

Based on the independent assessment of the Holding's corporate governance (KPMG Tax and Advisory LLP) in 2023, the Holding will continue its efforts to improve its corporate governance system.

PLANS FOR 2024

In 2024, it is planned to elaborate and approve the Action Plan to Improve the Holding's Corporate Governance

for 2024–2025, subject to the requisite changes in the in-house regulations of the Holding, improvement of transparency of the information disclosed, etc. The implementation of the Action Plan to Improve the Corporate Governance of the Holding and its subsidiaries, the training organized for the Management Board of the Holding in strategic risk management, internal audit, sustainable development, non-financial risks and non-financial reporting (ESG reporting), as well as the internal assessment of efficiency of the Holding's corporate governance system, will be still routinely monitored.

RISK MANAGEMENT AND INTERNAL CONTROLS

COMPONENTS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

Risk management is an important component of the management process and an integral part of a developed corporate governance system. The main element of the Holding's risk management process is its focus on the specifics of the organization, the basic principles of its activities, business processes and the involvement of each employee in the risk management process.

The Holding has in place its Risk Management Policy. The Policy sets forth the key principles of the risk management process, such as integrity, openness, structuredness, awareness, economic expediency, continuity, improvement, and cyclicity.

The goal of the risk management process is to achieve a balance between the maximization of opportunities and prevention of losses.

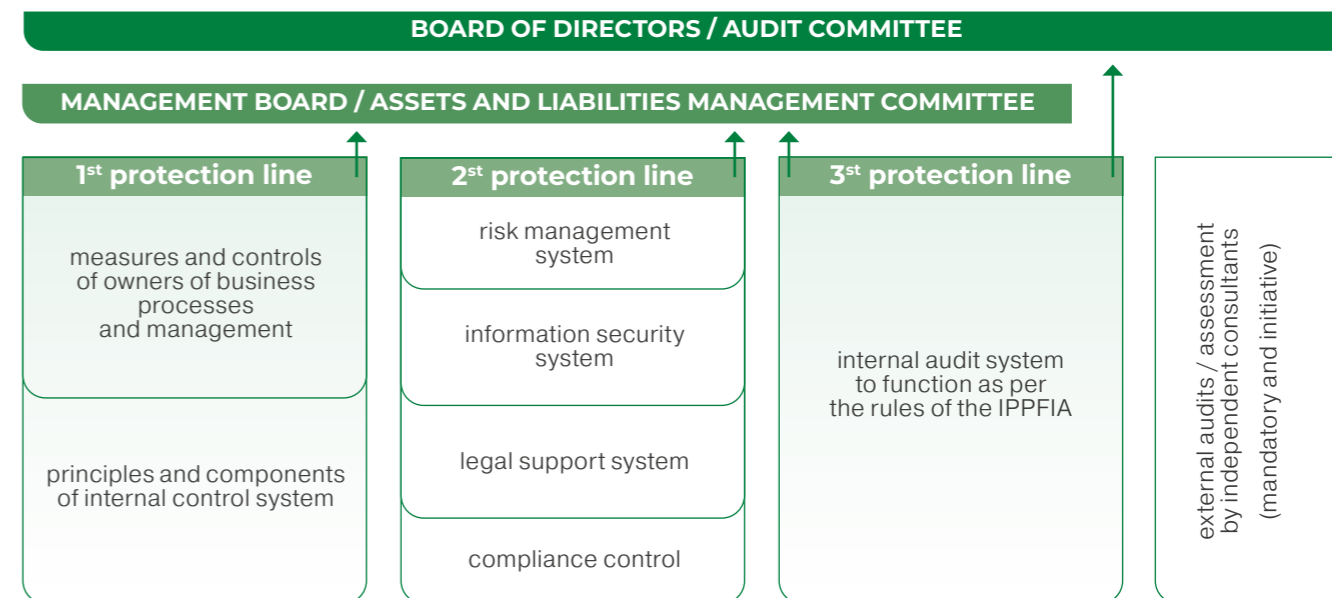
Risks are managed at Baiterek NMH JSC at several levels with the involvement of the following bodies and subdivisions of the Holding: the Sole Shareholder, the Board of Directors, the Management Board, the structural subdivision responsible for risk management coordination, and other structural subdivisions, as well as the Internal Audit Service.

The Sole Shareholder shall determine the key corporate governance principles.

The Board of Directors plays a key role in overseeing the corporate risk management system. The main functions of the Board of Directors are setting long-term and short-term goals of the Holding, approving the basic documents regulating risk management at Baiterek NMH JSC, and reviewing reports on effectiveness of the risk management system. The Audit Committee being an advisory and consultative body that shall give the Board of Directors recommendations as to the control for the Holding's financial and economic activities, reliability and effectiveness of the risk management system, execution of the corporate governance documents, independence of the external and internal audits, was created under the Board of Directors.

The Management Board shall be in charge of organizing an efficient risk management system and creating a structure to monitor the risks in order to ensure compliance with and adherence to the corporate policies. To effectively organize the risk management system, the Assets and Liabilities Management Committee operating under the Management Board shall primarily develop recommendations to improve efficiency of the assets and liabilities management at the Holding and its subsidiaries in order to achieve the principles of diversification of assets and liabilities, risk optimization and ensuring financial sustainability.

The effectively functioning internal control system is an important component aimed to enable Baiterek NMH JSC to achieve its current strategic goals and minimize the risks associated with achieving thereof. Organization of the internal controls system suggests that the Holding shall set up a management system capable of responding quickly to risks, exercising control over the main and auxiliary business processes and daily operations of the Holding, as well as informing immediately the internal control system participants of the appropriate level about any substantial shortcomings and areas that need to be improved. A reliable and efficient operation of the internal controls system requires that officials and employees of all levels of Baiterek NMH JSC be involved and continuously interact within the internal controls. This system is arranged subject to the universally known principles, rules and best practices. It is shown in the below model.



The control procedures are a documented system of measures and actions to ensure effective internal control for the achievement of goals, objectives and fulfillment of plans of the Holding, to identify and perform customized operations, as well as to prevent, restrict and prevent risks and potential illegal actions of the Holding's officials and employees.

Risk management at the Holding is a continuous, dynamic and uninterrupted process that consists of the following components: identification, measurement, control, and monitoring.

During the reporting year, Baiterek NMH JSC made the following risk management efforts:

- A comprehensive analysis of all business processes of the Holding was carried out – this precedes the risk and control identification process. The determination of business processes at the Holding is based on the two key approaches: description and regulation of business processes. A step-by-step use of these approaches is aimed at an integrated definition of the essence of this or that business process, as well as at ensuring its continuous monitoring thereafter.
- The matrix of business processes, risks and controls was approved for 2024. The matrix is a tool of the internal controls and risk management systems, that involves analyzing the Holding's main business processes and is aimed to measure their exposure to the risks and to formulate the control procedures to manage such risks.

PLANS FOR 2024

For the purposes of its further improvement and development, Baiterek NMH JSC sets the following objectives for 2024 and in the medium term period:

- to improve the risk culture within the Holding's Group and to further integrate it into the corporate governance system;
- to optimize and update the RMS methodology within the Holding's Group;
- to improve efficiency of the risk and control business processes at the Holding;

- The risk appetite was approved for various components and metrics. It features changes in the results both on a short-term and a long-term basis, as the Holding and its managers are ready to accept under their business development strategy.
- The in-house regulations pertaining to the risk management and internal controls systems were optimized and updated.

In 2023, the Board of Directors and the Management Board of Baiterek NMH JSC on a quarterly basis considered the consolidated risk reports in conjunction with a description of the key risks the Holding's Group was exposed to and the Action Plans to manage such risks, monitored and updated the key risk indicators, risk register and map, as well as the Risk Management Action Plans.

Due to geopolitical developments related to the conflict between Russia and Ukraine, and, hence, due to volatility of the oil prices and exchange rates, in 2023, the Holding conducted quarterly analyses and stress testing using "what-if" scenarios and informed the Holding's Board of Directors of the actual situation in the context of the potential adverse impact of the external conjuncture on the financial and risk indicators of the Holding's Group.

In 2023, the risk management and internal controls systems training workshops were organized for the Holding's employees in order to develop the risk culture with the view of an efficient identification of risks intrinsic to the Holding and types thereof, determination of components and understanding of risk management principles as required by the COSO and ISO-31000 standards.

- to automate the RMS processes in the following directions: receipt and consolidation of risk reports within the Holding's Group, calculation and monitoring of limits per counterparty, etc.;
- to introduce the ESG-factors into the business processes and risk assessment within the Holding's Group, including preparing proposals regarding improvement of the risk management system in the context of sustainable development, acting as an integrator.

KEY RISKS

When assessing and identifying the key risks, the Holding adheres to the single standard within a centralized risk management system model, which has been developed with the involvement of an external consultant. The model includes an assessment of the key types of the risks (liquidity risk, market risk, credit risk, operating risk, business risk and real-estate risk), as well as their aggregation and assessment if the available funds are sufficient to cover the aggregated amount of risks calculated for normal and stress situations. The method of a centralized risk management system also provides for identifying the strategic risks intrinsic to the mission achievement and strategic key performance indicators of the Holding and is aimed to achieve the current strategic goals and objectives and to minimize the risks once they are achieved.

The key risks of the Group of Baiterek NMH JSC are identified when questioning the risks intrinsic to all business processes at the Holding's Group, and re displayed graphically on the risk map, subject to the degree of materiality thereof. Measures to minimize the key risks are implemented on a consistent basis pursuant to the approved Action Plans, according to the risk register. The risk map, risk register, the Key Risk Action Plan and the report of the implementation of the Action Plan are considered and approved by the Board of Directors on a quarterly basis.

CREDIT RISK

The risk of default of a counterparty of the Holding's Group on a financial instrument is the credit risk, which is believed to be the most significant for the Holding's Group, with a high degree of probability and impact on the activities of Baiterek NMH JSC. Considering the high degree of materiality, in 2023 this risk was within the red risk zone, according to the Holding's risk map.

The purpose of the credit risk management system is to prevent it, reduce the likelihood of financial losses due to the borrower's failure to fulfill its financial obligations.

The credit risk exposure management tools are considered as a part of a separate financial asset and/or portfolio of financial assets and are divided into the two categories:

1. tools to prevent the causes of the credit risks;
2. tools to manage the effects of the credit risks realized.

The tools designed to prevent the causes of credit risk within a separate financial asset include assessing and monitoring of the borrower's creditworthiness.

The tools designed to prevent causes of the credit risks in the portfolios of financial assets include the quantitative assessment of the portfolios of financial assets and the improvement of the lending and investment decision-making process. The improvement of the lending decision-making process includes as follows:

1. improvement of the organizational structure;
2. control for the lending and investing in various financial instruments;
3. improvement of the information technologies being used.

The Holding and its subsidiaries pay special attention to the credit risk. The level of credit risk is determined and the measures aimed at minimizing the risk are taken on a regular basis using various tools to determine the counterparty's creditworthiness and set the ceiling limits for a single borrower and/or a group of related borrowers. When setting the limits, the Holding uses the counterparties' minimum credit ratings assigned by the international rating agencies, as well as assesses the financial standing based on the available financial statements and findings of an analysis conducted on its own. This risk is monitored and controlled on a consolidated basis by the authorized body of the Holding.

LIQUIDITY RISK

The liquidity risk is deemed one of the substantial risks for the Holding's Group and it is attributable to a discrepancy between the due dates of assets and liabilities, which, in turn, impacts the sufficiency of liquid funds available to Baiterek NMH JSC at an acceptable price in order to discharge its balance and off-balance liabilities on a timely basis.

The Holding manages liquidity seeking to ensure the continuous availability of funds required to discharge all its liabilities as they become due.

The Holding's liquidity management procedures include:

- predicting cash flows and calculating the required level of liquid assets;
- maintaining a diversified structure of the sources of financing;
- managing the borrowings concentration and structure;
- preparing the plans for debt financing;

- management of the portfolio of highly liquid assets, which can be freely sold as a protective measure in case of a gap in cash liquidity;
- developing the backup options to maintain liquidity and the specified level of financing;
- controlling the compliance of the Holding Group's balance sheet liquidity figures with the established rates and limits.

MARKET RISK

The Holding is exposed to the market risk associated with open positions in foreign exchange, interest-bearing and other financial instruments, which are subject to the risk of general and specific changes in the market.

The purpose of the market risks exposure management system is to maintain the aggregate risk assumed by Baiterek NMH JSC at a level matching its own strategic objectives. The priority is to ensure the maximum safekeeping of the Holding's assets and equity through the minimization of exposure to the market risks, which could result in unexpected financial losses.

The market risk management process includes the following successive steps:

- management planning – determining the relevant approaches in order to ensure an efficient management of exposure to the market risks;
- identification – defining and documenting the varieties of exposure to the market risks, which could have an adverse impact on the Holding's financial performance;
- qualitative assessment – qualitative analysis of the market risks, determination of causes thereof in order to assess their impact on the Holding's financial performance;
- quantification – quantitative analysis of the probability of occurrence and impact of the effects of the market risks realized;

- response planning – determining the procedure and methods to mitigate the adverse effects of the realization of the market risks;
- exposure monitoring and control – monitoring of the market risks and implementing the procedure for their timely management; assessment of efficiency of actions taken to minimize exposure to the market risks.

OPERATING RISK

The Holding is exposed to the operating risk that results in losses due to the inadequate or erroneous internal processes, operation of systems, employees' actions, as well as in losses caused by the occurrence of certain external events.

The goal of the operating risk management is to optimize the Holding's operating performance through a decrease in operating losses, rationalization of expenses, as well as by reducing the time and improving the adequacy of responding to events beyond control.

Baiterek NMH JSC manages the operating risk using the following tools:

- classification of events falling under the category of operating risks, by filling in the data base of the realized and potential risks with the involvement of the responsible structural subdivision that is to develop operating risk management recommendations for each event;
- calculation of the capital provision for the operating risk, including comparing to actual losses due to the realization of the operating risks;
- monitoring of the operating risk reports;
- ensuring the business continuity management at a proper level.
- The results of the operating risk level monitoring shall be communicated to the concerned collegial bodies.





BAITEREK



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ECONOMIC COMPONENT OF SUSTAINABLE DEVELOPMENT

DEVELOPMENT PLAN

DEVELOPMENT PLAN OF THE HOLDING FOR 2014–2023

The development plan of Baiterek National Management Holding JSC for 2014–2023 was approved by the Decree of the Government of the Republic of Kazakhstan dated June 18, 2014. Due to amendments made to the State-owned Property Law on April 29, 2022, the title of the document was changed to the Development Plan

of Baiterek National Management Holding JSC for 2014–2023 (the “Development Plan for 2014–2023”).

The Development Plan for 2014–2023 defined the Holding’s mission and vision of its role in the economy of Kazakhstan as follows:

MISSION Sustainable development of the Republic of Kazakhstan and achievement of the goals of the “Kazakhstan 2050” Strategy.

VISION An advanced development institution that provides business support instruments in accordance with the best standards and improves the living standards of the population of the Republic of Kazakhstan.

As a part of the implementation of its mission to promote the sustainable development of the Kazakhstani economy, Baiterek NMH JSC was supposed to achieve the six strategic objectives. They are to be achieved

through the three focus areas, including support for entrepreneurship, development of the agro-industrial complex and providing the population with housing.

FOCUS AREA	STRATEGIC OBJECTIVES TO BE ACHIEVED
Business support	<ul style="list-style-type: none"> development of the non-resource branches of the economy development of entrepreneurship (private sector of the economy) support of the export of non-resource products improvement of productive efficiency
Development of the agro-industrial complex	<ul style="list-style-type: none"> improvement of accessibility of financing, the level of technical equipment and intensification of production within the AIC
Provision of housing for the population	<ul style="list-style-type: none"> support of the economy urbanization

The Action Plan for 2021–2023 aimed to implement the Development Plan for 2014–2023 (the “Action

Plan”) provided for conducting of 98 events according to the three strategic directions.

BUSINESS SUPPORT DIRECTION

The first strategic direction, Business Support consisted of the four subdirections:

- Business support in the large business segment;
- Business support in the SME business segment;
- Improvement of the export potential;
- Development shared financing ecosystem.

1. BUSINESS SUPPORT IN THE LARGE BUSINESS SEGMENT

In 2023, as a part of the co-financing and syndicated financing instrument, the DBK in partnership with EBRD and ADB approved a major energy project “Modernization of CHP plant 2” in Almaty. The DBK’s participation share is 117 billion Tenge, whereas EBRD and ADB are to allocate jointly 232 billion Tenge; another 87 billion Tenge will be disbursed against own funds of Almaty Power Plants JSC.

The project envisages an increase of the specified power generating capacity from 510 to 600 MW, and thermal energy yield – up to 957 Gcal. Furthermore, CHP plant 2 is to be converted from bituminous coal to natural gas, which is a more environmentally friendly fuel. This will allow to reduce the adverse impact on the environment. Airborne emissions of sulphur dioxide and refuse burnout (dust) will be completely eliminated, whereas emissions of carbon dioxide (CO₂) will be reduced by one and a half times. The project is expected to be accomplished in 2026.

In 2023, the DBK in partnership with Halyk Bank of Kazakhstan JSC and Bank of China Kazakhstan approved financing of a large gas processing project, the Construction of Gas Processing Plant at the Kashagan Field by GPC Investment LLP in Makat Region, Atyrau Oblast. The goal of the project is to increase the oil production volume at the Kashagan Field through the creation of new facilities to process the associated petroleum gas produced in the course of the oil production. The project provides for the commissioning of sophisticated high-tech production facilities, which will enable QazaqGaz NC JSC to be on par with companies engaged in processing of high sulfurous gases. In the result of the implementation of the project in 2023–2041, it is planned to gradually increase the annual oil production volume. The annual oil production volume is expected to rise up to 12 million tonnes by 2041, and the volumes of the associated gas processed will grow as well.

2. BUSINESS SUPPORT IN THE SME BUSINESS SEGMENT

According to the 2023 results, the portion of MSME businesses that were rendered financial support by the Damu Fund, was 9.39% (versus 9.51% in 2022). 23.9 thousand projects were financed in 2023 through the financial instruments implemented by the Damu

Fund, for the amount of 1.57 trillion Tenge. Throughout the program implementation period, the Damu Fund financed the implementation of over 202.8 thousand projects totaling 12.1 trillion Tenge.

3. IMPROVEMENT OF THE EXPORT POTENTIAL

In 2023, the Ministry of Trade and Integration of the Republic of Kazakhstan in partnership with KazakhExport Export Insurance Company JSC (in May 2024, the latter was renamed to Export Credit Agency of Kazakhstan JSC, ECA) prepared the bill draft “On changes and amendments to certain legal acts of the Republic of Kazakhstan concerning the export credit agency and enhancement of the export of non-resource goods (works, services)”, which was adopted in January 2024. The goal of the preparation of the bill draft was to create a special legal status of the export credit agency, which will allow to centralize the basic measures aimed to support and develop the non-resource exports at the ECA, to interact with

local and foreign financial institutions and export credit agencies for the benefit of domestic exporters. The creation of the export credit agency will enable the ECA to delegate new roles, including guaranteeing export transactions and subsidizing the trade finance rate.

In 2023, as a part of the works related to the expansion and strengthening of the trade and economic interactions with foreign counterparties, ECA held meetings with representatives of the diplomatic missions of the Republic of Tajikistan, the Republic of Uzbekistan, the Islamic Republic of Pakistan, the Azerbaijani Republic, the Islamic Republic of Iran, and the United

Arab Emirates. Seven 7 agreements and memoranda of cooperation were signed with the foreign importers, trading networks, banks, insurers, reinsurers,

and other financial institutions. In addition, employees of ECA participated in various international forums and workshops.

4. DEVELOPMENT OF THE SHARED FINANCING ECOSYSTEM (PRIVATE EQUITY)

As a part of an official visit of the President of the Republic of Kazakhstan to the People's Republic of China on October 17, 2023, Qazaqstan Investment Corporation JSC and the Chinese company BGI Group specializing in genetic researches, signed the agreement for establishment of the joint investment fund Forebright Life Science Technology Fund. The newly created Fun is supposed to focus on financing the innovative multi-omic approach and synthetic biology projects in the Middle East and Asian region, including Kazakhstan. Special attention will be paid to public health services, including development of reproductive technologies, conducting antenatal examinations to prevent inherent defects, as well as complete examination of newborns.

In addition, during the said visit QIC signed the master agreement for investment cooperation in the power industry with China Huadian Overseas Investment Ltd. The agreement is aimed to address the tasks raised by the President in his Address to the People Kazakhstan dated September 1, 2023, including to ensure the Country's energy security through the introduction of new facilities (including those using the RES), as well as to improve the investment attractiveness of the Republic of Kazakhstan for the foreign capital, including in the power industry.

In 2023, QIC financed 34 projects totaling over 34 billion Tenge. These included the energy, industrial safety, manufacturing industry, information technologies, and public health projects.

DEVELOPMENT OF THE AGRO-INDUSTRIAL COMPLEX DIRECTION

In 2023, 23,891 were issued with the view of the development of the agro-industrial complex in Kazakhstan for the amount of 554.7 billion Tenge,

including 16.2 agricultural goods producers (the "AGP") were financed under the four lending programs for the total amount of 375.9 billion Tenge.

LOANS ISSUED TO AGRICULTURAL GOODS PRODUCERS IN 2023

Nº	LENDING PROGRAM	Loans issued, in billion Tenge
1.	Agrobusiness	186.8
2.	Isker microlending	22.3
3.	Ken Dala (spring sowing and harvesting campaigns)	141.2
4.	Youth microlending	25.6
	Total	375.9

As of the end of 2023, the KAF financed the acquisition of 7,710 pieces of agricultural machinery and equipment through the leasing instrument for the amount of 178.8 billion Tenge.

The ACC also acted as a vicarious agent under the new young entrepreneur microlending program at the preferential rate of 2.5% p.a. and issued 7.2 thousand microloans in the amount of 25.6 billion Tenge under the program.

PROVIDING THE POPULATION WITH HOUSING DIRECTION

The work in this direction is performed by the two subsidiaries of the Holding, Kazakhstan Housing Company JSC and Otbasny Bank JSC.

KHC acts as a single housing construction operator providing integrated support as a part of the implementation of the state measures aimed to increase the provision of the Country's population with the high-quality and comfortable housing. In its activities, KHC uses the following financing instruments:

- **Financing of construction and renewal of housing through the buyout of the LEA bonds.** The key goal of KHC is to increase the number of affordable housing for Kazakhstanis. KHC finances the construction of credit housing for depositors of Otbasny Bank and persons on the LEA waiting list through the buyout of the LEA bonds. LEA use proceedings from the bonded loans to construct housing in all the regions of Kazakhstan. In 2023, KHC purchased the LEA bonds with the view of financing the construction of affordable housing in regions, for the total amount of 139.6 billion Tenge.
- Guaranteeing a share participation in housing construction. To ensure protection of equity construction investors' rights and interests, KHC guarantees that the construction of a residential house will be completed if a guarantee event occurs and shares in the residential house are transferred to equity construction investors under the contracts for share participation in housing construction. According to the 2023 results, KHC provided 41 guarantees with regards to the completion of the residential house construction for the total amount of 167.7 billion Tenge.
- **Subsidizing the interest rate on loans to private developers.** To boost the private developers' offer in the primary housing market, an instrument was introduced in 2017 to subsidize the interest rate on loans issued to private developers by the banks for the purposes of housing construction under the Nurly Zher program. In 2023, KHC signed contracts for subsidizing the rate on loans issued to private

developers by the second-tier banks in the cities of Aktau, Uralsk, Semey, Atyrau, Aktobe, Almaty, Kokshetau, and Ust-Kamenogorsk. Under the said contracts, loans for the aggregate principal debt amount of 10.5 billion Tenge are supposed to be subsidized.

- **Provision of lease-to-buy housing.** In 2023, KHC signed 288 lease-to-buy housing contracts for the amount of 4.5 billion Tenge.

During the reporting year, **Otbasny Bank** started implementing the "Concept for Development of the Housing and Municipal Infrastructure until 2026" (from March 2023 – the "Concept for Development of the Housing and Municipal Infrastructure for 2023–2029"). Pursuant to the Concept, the Bank is to issue mortgage loans to representatives of vulnerable social groups who have signed up for the subsidized housing waiting list with the LEA. According to the Concept, the Bank issues preliminary housing loans at the interest rates of 2% and 5% p.a. depending on the person's category. Persons with disabilities (groups 1 and 2), families having or raising children with disabilities, as well as families and mothers with many children, orphaned children or children without parental support, and others shall be eligible to receive loans under the Concept. All the Concept participants purchase a housing built by the local executive authorities, against loanable funds. According to the Concept, in 2023, Kazakhstanis were issued 2,715 loans for the amount of 31.8 billion Tenge at the rate of 5% p.a. and 4,579 loans for the amount of 55.3 billion Tenge at the rate of 2% p.a.

In 2023, 6,605 apartments at 118 residential houses with the total area of 648 thousand m2 and for the amount of 74.2 billion Tenge were sold under the state programs being implemented via Otbasny Bank, including:

- under the Nurly Zher program – 25 properties (1,508 apartments) with the total area of 91 thousand m2 and for the amount of 16.3 billion Tenge;

- under the Shanyrak program – 6 properties (625 apartments) with the total area of 63 thousand m² and for the amount of 6.3 billion Tenge;
- under the Concept for Development of the Housing and Municipal Infrastructure for 2023–2029 – 87

properties (4,472 apartments) with the total area of 494 thousand m² and for the amount of 51.6 billion Tenge.

In total, for the entire period of activities performed under all the state programs, the Bank issued 136,881 loans for the amount of 1,080.1 billion Tenge.

DEVELOPMENT PLAN OF THE HOLDING FOR 2024–2033

During a meeting of the Supreme Council for Reforms under the President of the Country, held on May 5, 2022 the President instructed to tune up the operation of Baiterek Holding, which would, to a great extent, predetermine efficiency of the entire economic policy of the Republic of Kazakhstan. In pursuance of this instruction, the Development Plan for 2024–2033 (the Development Plan for 2024–2033) was approved by Decree # 1180 of the Government of the Republic of Kazakhstan dated December 25, 2023. Provisions of the sectoral development Concepts, in the implementation of which the Holding is engaged,

were taken into consideration when preparing the said Development Plan. The Development Plan for 2024–2033 also taken into account results of an independent poll conducted among clients of the Holding's subsidiaries regarding their satisfaction with the relevant support instruments, during which the main concerns related to the activities of the Holding's Group were found out and propositions to address the same were collected.

Pursuant to the Development Plan for 2024–2033, the Holding's mission and vision of its role in Kazakhstan's economy are framed as follows:

MISSION To develop a viable business, to provide with housing and strengthen food security subject to the principles of responsibility to the community

VISION A proactive managing holding, which adequately transforms the structure of Kazakhstan's economy through the development of new sectoral "growth points"

The Development Plan for 2024–2033 requires the achieving of eight strategic objectives under the three focus areas, including business support, development

of the shared financing ecosystem and providing the population with housing.

FOCUS AREA	STRATEGIC OBJECTIVES TO BE ACHIEVED
Business support	<ul style="list-style-type: none"> • to develop the non-resource branches of the economy • to develop entrepreneurship • to develop the manufacturing industry • to support the export of non-resource products • to improve labor productivity • to develop a competitive AIC
Development of the shared financing ecosystem	<ul style="list-style-type: none"> • to improve investment attractiveness of the economy
Provision of housing for the population	<ul style="list-style-type: none"> • to improve well-being of the population

ECONOMIC EFFECTIVENESS

Subject to its mission, the Holding has a substantial impact on the sustainable economic development of the Republic of Kazakhstan and performs significant social and economic functions, while not only achieving its key objectives, but also influencing positively various groups of the population.

At the same time, since the day of its foundation, the Holding has been observing the principle of break-even in its activities.

DISTRIBUTION OF ECONOMIC VALUE¹³

INDICATOR, IN MILLION TENGE	2021	2022	2023 ¹⁴
Economic value created (income)	753,189	1,053,260	1,248,136
operating income (interest income)	708,301	939,064	1,140,812
fee and commission income	21,842	29,217	35,447
other income	23,046	84,979	71,878
Distributed economic value:	642,309	781,772	841,417
payroll expenses	37,922	40,720	46,820
expenses towards taxes and fees to national budget	33,354	50,367	75,518
payments to capital providers (interests and dividends paid)	409,788	525,436	588,405
charity and sponsorship	131	163	148
other operating costs	135,446	137,087	93,905
other non-operating costs	25,667	27,999	36,621
Economic value to be distributed (net profit)	110,880	271,487	406,719
Discontinued operations	–	109,138	928
Gains from disposal group recognized as assets held for sale (less profits tax)	–	–	–
Profit for the period	–	380,626	407,647

SOCIAL AND ECONOMIC EFFECT FROM THE HOLDING'S IMPLEMENTATION OF THE DEVELOPMENT PROGRAMS¹⁵

PARTICULARS	Meas. unit	2021	2022	2023
Taxes paid, in million Tenge	million Tenge	1,738,140	2,195,078	2,601,082
New jobs created	units	18,483	17,281	15,066
Products sold	million Tenge	26,550,424	29,270,866	34,493,007
Volume of products sold for export	million Tenge	2,561,750	2,637,017	2,110,703
Number of vehicles sold	units	1,647	1,094	807

PROCUREMENT ACTIVITIES

The Holding's system of procurement of goods, works and services ensures transparency of the procurement carried out by the Holding and substantially meets the law enforcement practice and international experience.

Procurement in the Holding is based on the principles of optimal and efficient spending of funds, enhancing efficiency, transparency, and minimizing corruption risks, as well as providing potential suppliers with equal opportunities to participate in the procurement process.

In its operations, the Holding is governed by the Rules for Procurement by Certain Entities of the Quasi-public Sector, Excluding the National Welfare Fund and Organizations of the National Wealth Fund approved by Order #1253 of the Finance Minister of the Republic of Kazakhstan dated November 30, 2021.

The Holding was the first state-run company to introduce the control for the procurement process in the quasi-public sector. So, there is the Centralized Procurement Control Service (the "CPCS") that has been operating

¹³ Consolidated data for the Holding's Group.

¹⁴ In May 2023, the management of the Holding undertook to sell shares in Bereke Bank JSC, which is a separate major function of the Holding, i.e. services provided by a second-tier bank.

Accordingly, assets and liabilities of Bereke Bank JSC are shown as a disposal group held for sale. Gains from the disposal group are recognized as a part of discontinued operations.

¹⁵ The data are provided under the state programs and national programs.

since January 1, 2020 to exercise the internal control for the compliance with the rules for procurement by the Holding and its subsidiaries. The CPCS is directly subordinate to the Holding's Board of Directors and accountable to the latter with regards to its operations.

Pursuant to its key objectives, the CPCS performs the following functions in due order:

1. monitors the compliance with the rules for procurement by the Holding and its subsidiaries, according to the procedure set forth by laws of the Republic of Kazakhstan;
2. considers requests concerning matters being within the CPCS' competence;

3. subject to its competence, provides oral and written consultations;
4. on a regular basis submits its performance report to the Holding's Board of Directors for approval.

The objects of control by the CPCS are as follows:

1. customer, procurement organizer, tender commission, procurement expert commission, procurement expert;
2. potential supplier, supplier, as well as persons involved by them as subcontractors to perform the works or service co-providers, within the scope of the relevant procurement;
3. operator of the electronic procurement information system.

VOLUME OF PROCUREMENT AND SHARE OF IN-COUNTRY VALUE IN 2023

The total volume of goods, works and services purchased by the Holding's Group in 2023 amounted to 34,040 million Tenge, including from local suppliers – 27,656

million Tenge, with the total domestic value rate (local content share) of 81%.

PLANS FOR 2024

The Holding will continue its procurement activities in compliance with the corporate values and regulatory legal acts.

As a part of the total volume of procurement of goods, works and services, the Holding's Group plans to purchase goods, works and services worth 37,049 million Tenge in 2024.

RESPONSIBLE BUSINESS PRACTICE

CORPORATE ETHICS AND SETTLEMENT OF CONFLICT OF INTERESTS

To prevent and settle any corporate conflicts and conflicts of interest at the Holding, as well as to coordinate the actions of all bodies and officials, the Board of Directors approved the Policy for the Settlement of Corporate Conflicts and Conflicts of Interest. The Policy regulates the method and procedures for pre-court settlement of conflicts, as well as actions of the bodies, officials and employees of the Holding under these processes.

The principles and corporate ethic standards, the officials and employees of the Holding shall comply with are set forth by the Code of Business Conduct of Baiterek NMH JSC approved by the Holding's Board of Directors.

Resolution #10/19 of the Holding's Board of Directors dated October 17, 2019 made changes to the Code

of Business Conduct of the Holding. The changes aimed at ensuring compliance with the principles of meritocracy, legitimacy and fairness of decisions made, at strengthening of the institution of the Ombudsman in settlement of corporate conflicts. The fundamental values envisaged by the Holding's Code of Business Conduct are responsibility, professionalism, teamwork, integrity, and social responsibility.

The Code of Business Conduct shall be binding upon all employees of the Holding, irrespective of the position held by them.

On an annual basis, employees of the Holding successfully pass tests for knowledge of provisions of the Code of Business Conduct of Baiterek NMH JSC.

INSTITUTION OF THE OMBUDSMAN

The Holding's Ombudsman shall collect the information of non-compliance with provisions of the Holding's Code of Business Conduct, initiate consideration of disputes related to any failure to comply therewith, as well as participate in dispute settlement.

If there is any breach of the Code of Business Conduct, employees of Baiterek NMH JSC shall be entitled to approach the Ombudsman, whether in writing or verbally. The Ombudsman, in his/her turn, shall record messages received from employees, officials, as well as business partners and stakeholders with regards to any failure to comply with provisions of the Code of Business Conduct. The Ombudsman shall, within five business days, provide clarifications of the provisions of the Code of Business Conduct to the Holding's employees, if such employees have contacted him/her, ensure the anonymity of the employee or official who has reported a violation of the Code of Business Conduct of Baiterek NMH JSC.

As to corporate conflicts and conflicts of interests, the Ombudsman shall coordinate his/her actions with persons responsible for settlement of corporate conflicts and conflicts of interests, according to the Holding's Policy for the Settlement of Corporate Conflicts and Conflicts of Interest.

Pursuant to provisions of the Holding's Corporate Governance Code, the 2023 Report of Activities of the Ombudsman of Baiterek NMH JSC was considered and approved by the Personnel, Remuneration and Social

Issues Committee and the Audit Committee under the Board of Directors.

According to the resolution of the Board of Directors of Baiterek NMH JSC dated July 15, 2022 (minutes #05/22), Ardak Kaissaruly Zhumagaliyev was appointed the Ombudsman of Baiterek NMH JSC. His term of office shall be two (2) years.

To improve the legal and regulatory framework, as well as document support of the Ombudsman's activities pursuant to the Corporate Governance Code, efforts were made to elaborate and update the Holding's in-house regulations.

The Regulation on the Ombudsman of Baiterek National Management Holding Joint Stock Company was approved by resolution #06/20 of a meeting held by the Holding's Board of Directors in absentia on June 22, 2020.

The Regulation on the Ombudsman regulates in detail the legal status of the Holding's Ombudsman within the Holding's organizational structure and corporate governance system, the procedure for appointment and termination of powers, the role, objectives and functions, rights and obligations, responsibilities, and other matters pertaining to the Ombudsman's activities.

In 2023, the Ombudsman received no reports.

Furthermore, labor contracts signed by officials and employees with the Holding, stipulate commitments to comply with provisions of the Corporate Governance Code within Baiterek NMH JSC and in interrelations with its subsidiaries.

To widely inform about the activities of the elected Ombudsman, the full information about his/her activities and the right/opportunity for employees to contact the Holding's Ombudsman, along with feedback details, has been sent to all employees and officials of the Holding through the electronic document management system.

In addition, for the convenience of employees and officials of the Holding's Group, they are provided

ANTI-CORRUPTION

Baiterek NMH JSC has its Anti-Corruption Compliance Service, which is directly accountable to the Board of Directors. The creation of such Service proved to be a logical improvement of the Holding's compliance activities, as well as once again emphasizes the priority of the objective to minimize any corrupt practices in the company's business.

This allowed Baiterek NMH JSC to comply more effectively with all the current regulatory anti-corruption requirements. The Anti-Corruption Policy, Code of Business Conduct, Rules for Prevention of Corruption and Fraud, and other regulatory documents have been approved and are in force.

The Holding's 2023 Anti-Corruption Compliance Program that provides for measures aimed to combat corruption and fraud at the Holding, was approved by the resolution of the Holding's Board of Directors. In pursuance of the Anti-Corruption Compliance Program, the extensive work was done to prevent corruption in 2023.

So, Baiterek NMH JSC conducts the anti-corruption monitoring on a consistent basis using a wide range of information: materials of mass media, report of inspection authorities and the Internal Audit Service of the Holding, complains of individuals and legal entities, and social surveys.

To eliminate any potential corrupt loopholes, an internal analysis of corruption risks was conducted in 2023. In the course of the analysis, issues related to the control for the Holding's procurement function were considered. No violations of the laws were revealed. Ultimately, 7 recommendations were given.

Furthermore, Baiterek NMH JSC requires conducting official investigations/inspections of potential allegations

with communication channels. They may use them to send their messages stating the name, patronymic (if any), and surname of the applying employee/party to a labor dispute, to the Ombudsman, using any of the below methods that guarantee confidentiality:

- email address: **Ombudsman@baiterek.gov.kz;**
- telephone number: **8 7172 270 402.**

The mechanism to be used to send complaints to the Ombudsman and details thereof are published on the corporate web-site of Baiterek NMH JSC.

of corruption with the view of taking subsequent measures, including forwarding relevant materials to the law enforcement bodies.

To reveal, settle and prevent any conflict of interests at the Holding, the register of affiliates of Baiterek NMH JSC and its officials is maintained on a consistent basis. The register limits the chances for close relatives to work jointly, as well as reduces the risks of conflicts of interests in the procurement sector.

There is also the counterparty integrity check institution at the Holding. In 2023, 47 counterparties that had submitted their bids to participate in the Holding's procurements of goods, works and services, as well as counterparties that had submitted their applications for sponsor support, were checked thereunder. This mechanism allows to exclude the possibility of interactions with rogue and unconscientious counterparties.

The Holding's Group pays special attention to the anti-corruption culture development, informing and raising awareness of employees of Baiterek NMH JSC and its subsidiaries. At least once a year, the anti-corruption and fraud training and consultations are conducted for employees of the Holding and its subsidiaries. According to the Holding's Internal Work Order Rules, all newly employed persons shall mandatorily review the Anti-Corruption Policy of the Holding.

In addition, candidates to administrative positions shall pass a test for knowledge of the Law of the Republic of Kazakhstan "On combating corruption". In 2023, all candidates passed the test for the knowledge of provisions of the anti-corruption laws. The said requirements allows Baiterek NMH JSC to employ candidates who are aware of the anti-corruption measures applicable in the Country.

In addition, the Holding checks candidates for integrity in order to identify any risk factors of potential violation of the laws of the Republic of Kazakhstan.

The Holding carried out works to shift to the universal declaration of income and property by all employees of the Holding from 2023. Ultimately, all the employees submitted their asset and liability declarations.

Measures implemented to prevent corruption at the Holding, allowed to mitigate the risks of corruption

HOT LINE

The feedback channels (the Hot Line, electronic and mail communication channels) have been set up and operating for Baiterek NMH JSC to promptly receive the information of alleged violations of the laws. The said channels may be used by individuals and legal entities to report any potential or occurred facts of corruption at the Holding.

In 2023, the Holding's Anti-Corruption Compliance Service received 48 reports and messages from individuals and legal entities.

EXTERNAL AUDITOR

Pursuant to the laws of the Republic of Kazakhstan, selecting an auditing firm to audit Baiterek NMH JSC, and determining the amount payable for its services shall be within exclusive competence of the Board of Directors.

KPMG Audit LLP is the external auditor of the Holding for the period from 2022 to 2023. The Holding applies the principle of rotation to its project partner (who bears primary responsibility for the audit) every five years pursuant to the Policy for the Organization of External Audits at Baiterek NMH JSC, as well as according to the international practice of the external auditor.

offence that could be committed by employees of the Holding. This is proved by the fact that neither Baiterek NMH JSC nor its employees was/were held liable for such offence in 2023.

In 2024, the Holding and its subsidiaries will continue their work aimed to increase the control for prevention of and revealing corruption, as well as at creation of the atmosphere of zero tolerance thereto at the Holding.

As international practice shows, the Hot Line is one of the most efficient methods to combat corruption and fraud at an entity. Therefore, Baiterek NMH JSC intends to continue to use the available tools of interacting with whistleblowers.

The Holding takes the requisite measures to protect persons reporting any potential and actual corruption and fraud offences.

In 2023, the cost of the auditor's services was 100,800 thousand Tenge, including VAT, according to the auditor's service agreement.

If the external auditor provides any non-auditing services, the Holding reviews all the services for a potential /risk of a conflict of interests (a situation when the external auditor's interest could affect its opinion on reliability of the financial statements), which could impact the external auditor's independence. In 2023, the auditing company KPMG Audit LLP did not provide any consulting services, which had nothing to do with the audit of financial statements.



ENVIRONMENTAL COMPONENT OF SUSTAINABLE DEVELOPMENT

ENVIRONMENTAL COMPONENT OF SUSTAINABLE DEVELOPMENT

RESPONSIBLE INVESTMENT

The Holding, as a financial institution, pays special attention to responsible investing. This sustainable development focus area is considered by Baiterek NMH JSC as a priority and is therefore included in the Holding's Development Plan for 2014–2023.

As part of its activities, the Holding seeks to introduce and integrate the ESG factors into the investment decision-making process, including by familiarizing the Holding's counterparties with the ESG factors.

The Holding expects its counterparties to:

- apply the environment risk (environment) management system in order to identify and assess the actual and potential impacts on the environment and community, determine and effectively implement the appropriate management and control measures, as well as monitor the level of environmental risks;
- apply a human resource management system and ensure (preserve) the health of employees, which system shall be based on respect for the employees' rights, including freedom of association and the right to enter into collective agreements; this system shall ensure fair attitude toward employees, the creation of safe and healthy working environment for them, notification and prevention of any adverse effects on the health and safety of population groups and consumers;
- apply of a system of good corporate governance based on the principles of fairness, integrity, responsibility, transparency, professionalism and competence; the good corporate governance implies respect for the rights and interests of all persons interested in the organization's activities and contributes to its successful operation, including the growth of its market value, while maintaining financial stability and profitability.

The ESG rating is the key tool that allows assessing the effectiveness of introducing the ESG matters into the company's activities. Furthermore, such rating is aimed at identifying the risks and opportunities

of the company to determine its sustainability in the long run.

On December 21, 2023, the rating agency Sustainable Fitch assigned the Holding the Corporate ESG rating of 3 and the score of 57. The rating reflects the company's sustainable development strategy and initiatives, the consideration of the ESG factors in its financial activities, as well as its social guarantees and management practices.

The experts confirmed the Holding's commitment to the principles of social responsibility, corporate governance and business ethics, as well as its desire to integrate the ESG factors into the strategy and business processes of the Holding. At the same time, it was noted that the environmental factors should be taken into account in the framework of project activities.

The Holding has been making every effort to develop the responsible investment practice. So, the Investment Policy of Baiterek NMH JSC includes the intention to integrate the ESG factors in the financial support provision process. In addition, as a part of the policy, the Development Index tool has been introduced to prioritize potential projects. The Development Index allows highlighting the most significant social and economic projects that could contribute to and have an impact on the Country's development.

To increase the potential environmental and social effects from the implementation of projects, in 2020, the Environmental and Social Policy was approved by the Holding. The Policy sets forth the principles and approaches to record and monitor the environmental and social factors in the course of the investment activities of Holding and its subsidiaries. When developing the Policy, international responsible investment initiatives were taken into account: the UN Principles for Responsible Investment, the Equator Principles, and the IFC Performance Standards for Ensuring Environmental and Social Sustainability. The Policy also defines the "green" project criteria based on the green taxonomy developed by the AIFC.

In 2021, the Investment Policy of Baiterek NMH JSC was updated taking into account the acquisition of KazAgro NMH JSC, as well as its harmonization with the other updated in-house regulations.

In particular, a new focus area aimed to improve accessibility of financing, the level of technical equipment and intensification of production within the agro-industrial complex was included in the priority directions of the Holding's investment activities.

In addition, the priority directions under the Investment Policy were amended with a green economy development measure, and provisions describing the approaches to green financing were included as well.

In 2023, the Environmental and Social Policy was updated, subject to the green project taxonomy approved by Decree #996 of the Government of the Republic of Kazakhstan dated 31.12.2021.

In addition, pursuant to the Sustainable Development Action Plan for 2024–2026, the Holding shall semi-annually set up the unified database of the green projects, including social ones, and publish them on the Holding's official web-site.

As of December 31, 2023, the Holding backed up a number of green energy projects, the relevant total financing amount was 186.7 billion Tenge (construction of a hydroelectric power plant, solar and wind turbine generators).

EXAMPLES OF "GREEN" PROJECTS SUPPORTED BY THE HOLDING AS OF THE END OF 2023

- 1. Description:** construction of a cascade of hydroelectric station with design capacity of 18.72 MW at the Baskan River, Zhetysu Oblast
Date of commissioning: June 2024 (target)
Total project value: 12.3 billion Tenge
Amount of the Holding's participation: 7.0 billion Tenge
- 2. Description:** construction of a hydroelectric power plant at the Koku River, Zhetysu Oblast, with capacity of 7 MW

- Date of commissioning:** December 2024 (target)
- Total project value:** 5.3 billion Tenge
- Amount of the Holding's participation:** 2.6 billion Tenge
- 3. Description:** creation of an irrigation system in Abay Oblast
Date of commissioning: February 2023
Total project value: 2.7 billion Tenge
Amount of the Holding's participation: 2.0 billion Tenge
 Capacity – 18.7 thousand tonnes

PLANS FOR 2024

In 2024, the Holding will continue to focus on its development direction, with planned activities including:

- Updating the environmental and social policy in accordance with the green project taxonomy approved by Government Decree of the Republic of Kazakhstan No. 996 dated December 31, 2021, as well as addressing portfolio decarbonization issues for the subsidiaries.

- Creating a unified database of green projects for the Holding's subsidiaries (including social projects) in line with the main directions for implementing green projects defined in the Holding's environmental and social policy and social project taxonomy.

GREEN OFFICE

Under the Green Bridge program partnership initiated by the First President, the national Green Office competition is being implemented since 2019. The goal of the competition is to promote the formation of a community of environmentally responsible companies.

The Holding has been actively participating in the Green Office competition since 2019. The competition provides for a separate nomination for the quasi-public sector. One of the competition's criteria is the availability of corporate document for the introduction and maintenance of the Green Office system.

Therefore, during the reporting year, the Management Board approved the Green Office Concept of the Holding, which stipulates the Green Office goals, objectives and principles, as well as approaches to the introduction thereof and suggested measures. When elaborating the Concept, recommendations of the international organizations for office ecologization were taken into consideration as well.

The main elements of the Green Office are as follows:

- reduction of electricity consumption;
- heating energy saving;
- reduction of water consumption;
- pollution minimization and waste management;
- resource saving and consumption reduction;
- health of employees;
- environmental education of employees;

- availability of the management systems, documenting the processes aimed to maintain the Green Office principles.

The principles of the Green Office Concept are based on the three "R" rules – Reduce, Reuse, Recycle:

- **Reduce.** According to this principle, a "Green Office" shall seek to reduce the use of natural resources: electricity, water, paper, and heat. This rule is complied with through the application of latest technologies and equipment, as well as through the organizational and promotional activities.
- **Reuse.** This principle is aimed at using expended supplies, including paper, stationery and office appliances made of recyclables.
- **Recycle.** The main requirement of this principle is to properly recycle used materials: to sort all wastes, collect scrap paper, properly dispose the office appliances and batteries.

The measures related to the implementation of the Concept are mostly aimed at environmental education of employees, resource saving and waste management as part of the office's activities. These measures are necessary to support the Holding's implementation of the national initiatives promoting environmentally responsible behavior in the business landscape.

Baiterek Business Center of the Holding's Group was built according to the technologies suggesting the careful attitude to resources. There are working, emergency and repair light systems. Luminescent illumination is used. Stained-glass glazing of the façade, with due regard for insolation, allows using energy sparingly. In addition, motion sensors are installed in places of temporary stay to save energy.

RESOURCE CONSUMPTION LEVEL

	2021	2022	2023
Absolute values			
Electric power, in kW*h*	885,515.7	1,010,369.2	652,583.1
Heating energy, in Gcal*	808.6	806.0	494.9
Water consumption, in m ³ *	3,652.1	7,772.3	2,613.5
Relative values			
Energy intensity, kW*h/person* (the ratio of power consumption to the headcount)	6,759.7	7,654.3	4,943.8
Intensity of heat consumption, Gcal/person* (the ratio of heating energy consumption to the headcount)	6.2	6.1	3.7
Intensity of fresh water consumption, m ³ /person* (the ratio of water consumption to the headcount)	27.9	58.9	19.8
Intensity of paper consumption, kg/person (the ratio of weight of paper used to the headcount)	71.2	41.9	34.4

*The data relate to premises occupied by departments of the Central Office of the Holding.

VOLUME OF EMISSIONS BY THE HOLDING¹⁶

	DESCRIPTION	2021	2022	2023
Scope 1	Emissions caused by the use of the company's vehicles to transport employees and managers, as well as by rented vehicles used to transport employees in the morning and evening.	29.3 tCO ₂ e	32 tCO ₂ e	19.3 tCO ₂ e
Scope 2	Emissions resulting from consumption of purchased electricity, heating energy, water heating and waste disposal	971.4 tCO ₂ e	1 036.2 tCO ₂ e	653.4 tCO ₂ e
Scope 3	Emissions from transportation of employees by air and railways, paper processing, courier services, and interpreters' services	–	–	–

Separate waste collection garbage cans were installed on the Holding's floors, including containers

for collecting office waste paper. As of the end of 2023, 938 kg of waste paper was handed in.

WASTE PAPER HANDED IN, KG

	Cardboard	Paper	Total
from 01.09.2022 to 31.12.2022	41	190	231
2023	526	412	938

In 2023, the Holding implemented a number of measures to raise environmental consciousness of its employees and improve resource saving, including:

- Transferred 938 kg of scrap paper (526 kg of cardboards and 412 kg of paper) for recycling.
- Received the environment management and occupational health and safety certificates (ST RK ISO 45001-2019, ST RK ISO 14001).
- Purchased 500 pens made of environmentally friendly materials.
- Elaborated the agitational environmental calendar to improve environmental consciousness

¹⁶ In 2023, the Holding did not calculate the level of emissions of Scope 3, however, it intends to calculate the level of emissions of Scope 3 under its 2024 plan of actions. As a part of their activities, the subsidiaries of the Holding have started or are going to start calculating emissions Scope 3.

of the Holding's employees, which calendar contains the main international and global environmental dates.

- A charity clothing box was installed on the ground floor of the Business Center to collect things to be further delivered to charity foundations and low income households.

- A reverse vending machine was installed to collect aluminum cans and plastic bottles.
- A pet food box was installed with the view of subsequent delivery of pet foods to an animal shelter.
- The environmental campaigns were conducted among employees: the volunteer clean-up and the Day Without a Car.

PLANS FOR 2024

- To purchase first aid kits for the offices of the Holding.
- To conduct campaigning events aimed at raising environmental consciousness of employees: competitions, teambuilding, breakfast meetings, environmental campaigns, as well as preparation of the information stands/posters/videos;
- To have the environmental management and occupational health and safety certificates (ST RK ISO 45001-2019, ST RK ISO 14001) affirmed and to organize trainings for the Holding's employees in these standards;
- To keep records of the transferred scrap paper and to purchase stationery and office supplies made of environmentally friendly materials;
- To arrange the sustainable development, ESG, ESG screening, green financing, and Green Office trainings (including in an online mode);
- To plant trees, to submit an inquiry to the Akimat to find out if trees may be provided for the planting.





BAITEREK



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SOCIAL COMPONENT OF SUSTAINABLE DEVELOPMENT

RESPONSIBLE WORK PRACTICE

The Holding's Unified HR Policy includes the corporate standards regulating the effective human resource management by the Holding and its subsidiaries.

Pursuant to the Development Plan, Baiterek NMH JSC seeks to ensure the formation of the sustainable human capital assets as one of the competitive advantages of the Holding and its subsidiaries.

BASIC AREAS OF THE HR POLICY IMPLEMENTATION:

<p>1) Strategic HR planning</p>	<p>The target status of business processes related to strategic HR planning is predetermined by the fact that:</p> <ul style="list-style-type: none"> • <i>strategic human resource planning is based on the corporate strategy, external and internal trends;</i> • <i>human resource planning addresses the short-term (1 year) and long-term (3-5 years) needs of the Holding in the personnel (qualification and required number of employees);</i> • <i>the personnel development plan is formulated in the form of annual specific operating tasks for all levels of personnel management (CO and subsidiaries);</i> • <i>strategic initiatives are assessed using the qualitative and quantitative KPIs.</i> 	<p>The key control performance indicators for this basic area are as follows:</p> <ul style="list-style-type: none"> • <i>the percentage of labor costs in total costs;</i> • <i>segmented personnel turnover;</i> • <i>availability of the updated Unified HR Policy.</i>
<p>2) Organizational development and job design</p>	<p>The target status of business processes related to the organizational development is predetermined by the fact that:</p> <ul style="list-style-type: none"> • <i>the work aimed to a timely change and renewal of the organizational structures are initiated and monitored, depending on changes the CO and subsidiaries undergo;</i> • <i>changes in the business processes are analyzed in a timely manner, new positions resulting from the changes in the processes are described properly, and their "weight" for the organization is measured;</i> • <i>there are job descriptions for all positions, the standard of manageability is established and complied with, and the job grade is determined;</i> • <i>prospective staffing needs are studied;</i> • <i>business processes are being studied in terms of automation.</i> 	<p>The key control performance indicators for organizational development are as follows:</p> <ul style="list-style-type: none"> • <i>timely renewal of organizational structures;</i> • <i>percentage of positions with job descriptions.</i>

3) Personnel selection and onboarding

The target status of business processes related to personnel selection and onboarding is predetermined by the fact that:

- *recruitment processes and standards within the Holding are standardized (inquiry and assessment forms, etc.);*
- *the recruitment process is automated, and this ensures the employment efficiency;*
- *an assessment of professional and personal competencies is incorporated in the recruitment process to ensure the objectivity and quality of the employment process;*
- *HR uses detailed templates and conducts interviews with functional executives to ensure a better understanding of needs in personnel;*

The key control performance indicators for the personnel selection and onboarding are as follows:

- *total time required to fill vacancies;*
- *compliance with the competitive recruitment technology (based on the audit conducted by the Internal Audit Service);*
- *percentage of vacancies filled (from external, internal sources, etc.);*
- *percentage of vacancies filled by the HR subdivisions.*

- *HR uses a wide range of search and recruitment channels to engage the most qualified candidates;*
- *the onboarding process is to be followed both before hiring by the Holding and thereafter. The candidates are pre-informed of the Holding's standards, shall pass tests for knowledge of its regulations and standards;*
- *professional and managerial adaptation is maximally built in the remote system, and is based on the online training and online assessment;*
- *the recruitment system is trusted by employees of the CO and subsidiaries and by candidates in the labor market, as a unified system is well-developed, open, fair and provides equal opportunities for everyone.*

4) Talent acquisition marketing and the employer's brand

The target status of business processes related to talent acquisition marketing and the employer's brand is predetermined by the fact that:

- *a "value proposition" of the employer's brand is identified (career opportunities, prestige, development, etc.);*
- *communication of the employer's brand through external and internal corporate channels, as well as through third-party channels (business media, universities, social media, etc.) is established;*
- *various communication tools are used: leaflets, reels, and infographics on social resources;*
- *the employer's brand recognizability is assessed.*

The key control performance indicators for the personnel selection and onboarding are as follows:

- *the number of applicants for a vacancy;*
- *average length of service at the Holding (versus benchmarks);*
- *indicators of personnel satisfaction and loyalty based on the results of surveys, especially the percentage of employees who are going to leave the Holding within the next 1 to 2 years;*
- *percentage of reasons for resignations (voiced by leaving employees based on the results of exit interviews).*

5) Performance management

The target status of business processes related to performance management is predetermined by the fact that:

- a system has been introduced throughout the organization to assess each employee's performance;
- performance indicators clearly cascade from top management to rank-and-file employees;
- target (qualitative and quantitative) indicators are set for employees on an annual basis; the achievement of the set goals is monitored during the year, and at the end of the year, a full assessment of the employees' performance is carried out;
- the results management process is included in the HR functionality (terms for the implementation of processes, documentation), however, heads of the structural divisions are responsible for the assessment and training;
- heads of the structural divisions are responsible for setting goals, monitoring the achievement of goals, as well as feedback based on the results of the assessment of their employees;
- the results of the performance assessment process are: proposals for an individual review of employees' salary, the basis for benefits and the determination of bonus amounts, training and development plans for employees, potential inclusion in talent pool, potential revision of the position, talent management, etc.;
- each employee has a clear understanding of the goals and objectives of the organization, as well as ways to achieve them;
- all HR decisions are based on the performance assessment results.

The key control performance indicators for personnel performance management are as follows:

- percentage of executives and employees who have performance maps;
- timeliness of the implementation of all the stages of the performance management system;
- coefficient of correlation between the average percentage of achievement of the organization's business indicators and the average bonus rate for the reporting period.

6) Remuneration of the personnel

The target status of business processes related to the remuneration and incentive policy is predetermined by the fact that:

- a transparent compensation policy based on uniform principles is followed throughout the Holding;
- the level of basic remuneration is regulated by pay ranges based on the trends, the ranges can be adjusted in accordance with the strategy of a specific subsidiary and the sectoral labor market;
- pay ranges are structured in such a way as to ensure the principle of in-house fairness in pay, as well as external competitiveness;
- to monitor the level of external competitiveness, the level of remunerations is regularly compared with the market ones and, if necessary, appropriate adjustments are made;
- the personnel incentive system is based on the performance management system and takes into account individual employee's assessment results;
- the incentive system includes the financial (an increase in wages and bonuses) and non-financial components (trainings, career advancement, participation in the talent management program);
- the recruitment package is formed on the basis of employees' preferences and labor market data;
- non-material incentive tools are used: contests, competitions for, and awards to the best employees, etc.

The key control performance indicators for the personnel performance management are as follows:

- budget deficit/surplus in terms of the Payroll Fund (the "PRF");
- the PRF percentage in administrative expenses;
- employee satisfaction/involvement index.

7) Personnel training and development

The target status of business processes related to personnel training and development is predetermined by the fact that:

- training is based on the annual employee assessment in terms of competencies, including preparation of individual development plans;
- individual education and training plans are developed for employees as part of the performance management process;
- various training forms are used, including full-time and distance training;
- the training budget is prepared taking into account the common corporate strategic goals;
- a process for systematic evaluation of effectiveness of conducted trainings has been established;
- unified training courses are organized for executives;
- knowledge management systems are created at the Holding (including gathering of specialists and knowledge exchange);
- the training process is standardized at the Holding, trainings are carried out according to uniform rules.

The key control performance indicators for the personnel training and development are as follows:

- training costs as a percentage of PRF;
- training hours per year per employee;
- implementation of the training plan;
- structure of forms/types of training in percent.

8) Talent pool and talent management

The target status of business processes related to the creation of and dealing with the talent pool, and talent management is predetermined by the fact that:

- a system has been established and formalized to manage the career development of the most talented personnel, who will become a part of the Holding's management in the future;
- key position succession plans are elaborated;
- there is a clear method to select managers who are to participate in the talent management program;
- special individual training and education programs are prepared by the Holding's top managers for the most talented executives;
- the effectiveness of the talent management program is assessed systematically (the number of career promotions, skill development, etc.);
- the principle of succession is implemented by appointing succession candidates being members of the President's Youth Personnel Reserve of the Republic of Kazakhstan and the Unified Talent Pool of the Holding to senior positions at the Holding and its subsidiaries;
- the "Development of Women's Leadership" program is being implemented to ensure the principles of diversity and inclusiveness at the CO and subsidiaries.

The key control performance indicators for the creation of and dealing with the talent pool, and talent management are as follows:

- the number of vacancies filled by employees from the President's Youth Personnel Reserve of the Republic of Kazakhstan and the Unified Talent Pool, to the total number of vacancies filled;
- the number of training events for employees included in the talent pool to the total number of training events;
- the number of appointments of employees included in the talent pool to new positions, to the total number of succession candidates;
- number of women in senior positions at the Holding and its subsidiaries.

9) Development and maintenance of the corporate culture

The target status of business processes related to development and maintenance of the corporate culture is predetermined by the fact that:

- basic values, as well as standards of professional ethics and attitude to work are determined at the Holding;
- a systematic approach is used to strengthen the corporate culture through the managerial, personnel and organizational levers;
- the Corporate Portal has been created and operating as a key tools to communicate the Holding's corporate culture;
- the corporate communication system has been created and operating, including horizontal communications (meetings, corporate conferences, team-building exercises, team projects, focus groups, and competence centers).

The key control performance indicators for the development and maintenance of the corporate culture are as follows:

- assessment of employees' understanding and commitment to the Holding's corporate values by conducting surveys and testing for knowledge of the rules of the Code of Business Conduct;
- employees' involvement and loyalty;
- satisfaction of the Holding's employees with the level of development of the culture and communications.

10) Administering the HR processes

The target status of business processes related to administering the HR processes is predetermined by the fact that:

- personnel records are kept in full compliance with the labor laws of the Republic of Kazakhstan;
- all executives and employees of the Holding are aware of and comply with the requirements of the labor laws of the Republic of Kazakhstan;
- reporting and internal document management are standardized;
- all administrative processes in the basic HR areas (payroll, documentation) are automated;
- there is a unified IT-system for all HR functions that contains detailed data of all employees;
- the relationship structure and responsibility for the processes are clearly distributed between the HR and functional executives;
- the HR function provides high-quality services to functional executives;
- a system of regular exchange of experience and knowledge has been set up between the HRs of the CO and subsidiaries, as well as basic policies and documents have been elaborated according to the uniform principles and standards.

The key control performance indicators applicable to administering the HR processes are as follows:

- a unified reliable corporate system to record personnel data;
- timeliness of the HR procedures being followed;
- absence of critical comments or penalties; positive opinions issued by the inspection bodies based on the results of inspections.

Key initiatives to achieve the strategic objectives:

Achieving the objectives under this Unified Personnel Policy and target statuses for the business processes requires developing a step-by-step plan for the achievement of each objective.

The Unified HR Policy is implemented on a timely basis by prioritizing the objectives and through a proper planning of the change implementation stages.

All the introduced initiatives involve regular monitoring and adjustments.

PERSONNEL BREAKDOWN

The average headcount of the Holding's Group was 3,927 persons in 2023. The Holding's average headcount was 132 persons in 2023. In 2023, the personnel turnover rate at the Central Office of the Holding was 0.8%, and the consolidated figure for the Holding's Group was 6.2%.

The Holding complies with the requirement of the Labor Code for the normal working hours of its employees. 100% of the Holding's employees are employed on an open-ended full-time basis.

DYNAMICS OF THE AVERAGE HEADCOUNT

	2021	2022	2023
Baiterek NMH JSC, in persons	131	132	132
Holding's Group, in persons	3,256	5,125	3,297

AVERAGE HEADCOUNT FOR THE HOLDING GROUP FOR 2023

	2023
Holding's Group, in total, in persons, including:	3,927
Baiterek NMH JSC	132
DBK	323
Damu Fund	422
QIC	84
KHC	212
ECA	97.4
Otbasy Bank	1,510.67
ACC	1,146
Bereke Bank ¹⁷	4,439

PERSONNEL TURNOVER AT BAITEREK NMH JSC BY AGE AND GENDER

	Gender groups		Age groups		
	Men	Women	Under 30 y.o.	30 to 50 y.o.	50+ y.o.
Baiterek NMH JSC, in persons	-	1	-	1	-

PERSONNEL TURNOVER AT THE HOLDING'S GROUP IN 2023

	2023
Total, in %	6.2
Baiterek NMH JSC	0.8
DBK	5.9
Damu Fund	9.5
QIC	8.3
KHC	4.7
ECA	5.1

¹⁷ Based on the recommendation of the external auditor, according to provisions of the IFRS, the 2023 consolidated annual financial statements of Baiterek NMH JSC provided for the Bereke Bank's reclassification within assets, due to the scheduled disposal thereof. Therefore, revenues and expenses, as well as headcount of the Bereke Bank were not consolidated as a part of the relevant figures of the Holding. The Bereke Bank's profit and loss figures were consolidated within separate items corresponding to the assets intended to be sold.

	2023
Otbasy Bank	6.6
ACC	5.4
Bereke Bank	21.9

The Holding does not discriminate on any social grounds, but provides equal career opportunities for all employees. In particular, this is confirmed by the gender structure

of the personnel both within the Holding's Group and at Baiterek NMH JSC.

PERSONNEL BREAKDOWN BY GENDER IN 2023

Holding's Group



Baiterek NMH JSC



The majority of the Holding's personnel are employees aged 30 to 50. In 2023, the average age of the personnel of Baiterek NMH JSC and the Holding's Group was 37.

BAITEREK NMH JSC' PERSONNEL BREAKDOWN BY GENDER AND AGE IN 2023

	Under 30 y.o.	30 to 50 y.o.	50+ y.o.
Men, in persons	4	49	4
Women, in persons	5	62	7
Total average headcount, in persons	9	112	11

COMPOSITION OF GOVERNING BODIES OF BAITEREK NMH JSC IN 2023

	30 to 50 y.o.		50+ y.o.	
	Men	Women	Men	Women
Board of Directors, in persons	5	-	4	1
Management Board, in persons	5	-	-	-

PERSONNEL SELECTION AND RECRUITMENT

The main purpose of the selection of candidates is to contribute to the achievement of the strategic goals of Baiterek NMH JSC through the implementation of best HR management practices in terms of attracting qualified candidates to fill the vacancies.

In case of a vacancy, candidates from the President's Youth Personnel Reserve (the "PYPR") and the Unified Talent Pool of Baiterek NMH JSC's Group are considered in the first instance. Thereafter, an internal competition is conducted among employees of the Holding and its subsidiaries, as well as employees of the outsourcing sector. Then an external competition is announced.

The information about the search for external candidates is mandatorily published on the web-site of Baiterek NMH JSC and in the Telegram channel, and a notification is sent to subscribers, whereas applications are accepted via electronic mail.

Thus, the internal selection is prioritized in order to retain the key specialists and encourage them to work for long at the Holding's Group.

In 2023, there were no cases of discrimination on any grounds at Baiterek NMH JSC when hiring employees.

EMPLOYEES HIRED IN 2023 BY BAITEREK NMH JSC, BY AGE AND GENDER

	Total	Under 30 y.o.	30 to 50 y.o.	50+ y.o.
Total number of employees hired, in persons	22	3	18	1
Men, in persons	11	2	9	0
Women, in persons	11	1	9	1

TRAINING AND PROFESSIONAL DEVELOPMENT

Training and professional development of employees are ensured in order to update and provide them with additional theoretical and practical knowledge, proficiencies, abilities, competences, and skills related to the employees' professional and managerial activities to enable them to fulfill their job duties in an efficient manner and to fulfill tasks required by the development plan of the Holding. The training and professional development of the Holding's employees are organized according to the following principles:

- conformance of the topic and content of the training activities to the needs determined in accordance with the employee's job duties, the results

of the assessment of his/her performance, as well as goals and objectives set for the employee;

- the training activities are focused on fulfilling specific tasks that ensure an enhancement of the Holding's performance, studying the best corporate practices and standards;
- a systemic, applied, and planned character of training and professional development;
- coverage of the maximum possible number of the Holding's employees with the training and professional development programs.

BAITEREK NMH JSC PERSONNEL TRAINING

	2020	2021	2022	2023
Average annual number of training hours per person, in man-hours	40	43	42	24

AVERAGE ANNUAL NUMBER OF TRAINING HOURS PER EMPLOYEE, WITH BREAKDOWN BY GENDER AND CATEGORY OF EMPLOYEES

PARTICULARS	All employees	Gender groups		Categories of employees		
		Women	Men	Top executive management	Mid-tier managers	Employees
Average number of training hours attended by the organization's employees over the reporting period	24	25	23	25	27	24

TRAINING COSTS INCURRED BY BAITEREK NMH JSC IN 2023, WITH BREAKDOWN BY GENDER

	Costs per employee, in Tenge
Costs per person	331,796
Men, in persons	320,971
Women, in persons	339,857

In 2023, 49 training and professional development events were held at Baiterek NMH JSC, including 86% were devoted to the development of professional (hard) skills, 4% – to the development of personal and business competencies (soft skills), 4% – to the compulsory training, and 6% – to other trainings (the state and English languages, first aid measures). The trainings covered 115 persons. On average, a single employee completed 3 or more trainings/workshops.

The trainings/workshops were substantially aimed to develop professional knowledge, including such as: finance, accounting and audit, data analysis, ESG, GR, agile, risk management, internal controls and audit,

project management, HR management, studying the state and English languages, first aid measures, etc. In addition, a training was organized to prepare for the international certification examinations, such as: CFA® Level I, ACCA Strategic Business Leader, ACCA DiplFR (rus) (F7), Prosci® change management certification training, and DipPIA "Professional internal auditor".

As to the personal and business competencies, a training was organized in DISC® behavior style, critical thinking, and artificial intelligence. In addition, master classes and meetings were held for taxation, HR management, engagement, etc..

LABOR REMUNERATION AND EMPLOYEE PERFORMANCE MANAGEMENT

Since January 1, 2018, employees of Baiterek NMH JSC have been using a fundamentally new system to assess their performance based on the KPI performance (on a quarterly basis). The system allows "cascading" the KPIs of the management to the level of a structural subdivision and an individual employee, and provides for criteria that are sufficient in order to determine clearly the extent of the goal achievement at the "threshold – goal – challenge" level and to assess the actual performance of each employee. From 2022, the KPIs are annually planned for the Holding's employees and at the same time the KPIs are set for all the 4 quarters, whereas the assessment is carried out at the end of each quarter.

In addition, once a year all employees of Baiterek NMH JSC undergo a comprehensive performance assessment, when the overall performance of the employee for the past year and the level of development of his/her personal and business competencies are considered. The results were

distributed within the "9-cell talent matrix"; based on the results of 2022–2023, a comprehensive assessment was carried out according to the new "20-cell talent matrix". No bonus is payable based on the assessment results, however, the results impact decisions regarding further motivation and incentives of an employee (training, promotion, enrolment in the talent pool, etc.).

According to the Holding's in-house regulations applicable to the procedure for payment of remunerations and bonuses to the Holding's employees, the amount of the employee's official salary shall be established pursuant to the staffing table and graded payroll scheme depending on the job profile, level of responsibility for decision making, and functional duties. Accordingly, an employee's gender does not affect the level of his/her official salary.



GRADING

The Group of Baiterek NMH JSC is implementing a system of grading and unification of its labor remuneration system. The introduction of the uniform principles will help ensure the internal fairness of the compensation practices and make them adequate to the current situation in the labor market.

The grading system is a system of job grades (hierarchy of positions) depending on the complexity and value of the works carried out by employees holding the positions, in accordance with the organization's strategic goals. The methods used to grade the jobs within the Group of Baiterek NMH JSC have been successfully used by the largest international companies for over 70 years, and are also the basis for the ongoing reforms of labor remunerations in Kazakhstan's governmental service.

As a result of the project implementation, the following goals were achieved:

- **the organization's system of graded jobs has been harmonized (the basic salary is not assigned by title, but depending on complexity and contribution to the core activities);**

- **a competitive labor remuneration system has been set up and involves an annual analysis of the current situation in the labor market within the target sector of the economy (benchmarking);**
- **the methods have been escalated to the HR departments of the Group of Baiterek NMH JSC (certification of specialists, which allows evaluating positions independently, without involving any third-party experts);**
- **the in-house regulations (based on the typical methodology) on position evaluation and labor remunerations of Baiterek NMH JSC's Group have been approved;**
- **the approach to the functional duties has been changed – encouraging people to undertake responsibility for a complex scope of work (the more difficult the work is, the higher the grade is);**
- **proposals were developed on the subsidiaries' remuneration systems, subject to the specifics of their activities.**

SOCIAL POLICY

Social support is provided to the Holding's employees in order to create favorable conditions for their effective work, as well as to retain and attract well-trained employees.

The Rules for Providing Social Support to employees of Baiterek NMH JSC's Group (the "Rules") were approved by the resolution of the Management Board of the Holding. The Rules set forth the types, terms and procedure for providing social support to the Holding's employees pursuant to the laws of the Republic of Kazakhstan and in-house regulations of the Holding.

The Rules provide for the following types of social support:

- **financial assistance; and**
- **the voluntary medical insurance program (health insurance).**
- **The amount of funds allocated to provide social support under the Rules, shall be included in the relevant item of the Holding's budget that is approved annually.**

Financial assistance is paid in due order to employees against the Holding's funds in the following cases:

1. on the occasion of a marriage;
2. on the occasion of a maternity leave, a leave granted to those who have adopted a newborn child (newborn children);
3. on the occasion of the birth of a child / adoption of children;
4. in connection with a treatment /surgery of an employee or a member of his/her family;
5. when an employee, his/her spouse/child, or a parent dies.

The medical insurance is provided to employees and their family members against funds specified by the Holding's budget, pursuant to the voluntary medical insurance program.

The funds are spent towards medical insurance in case of an illness of an employee, in compliance with contracts signed with insurers according to the procedure set forth by the laws of the Republic of Kazakhstan,

or under medical care contracts signed with health care organizations. Furthermore, the medical insurance

costs shall not exceed 100 MCIs per employee for the corresponding financial year.

MATERNITY LEAVES, CHILDCARE AND PARENTAL LEAVES

PARTICULARS	Total, in persons	Including	
		men	women
Number of employees who took a maternity leave, as well as childcare and parental leave in 2023	6	1	5
Number of employees who returned from a maternity leave, childcare and parental leave in 2023	5	0	5
Number of employees who returned from a maternity leave, childcare and parental leave in 2022	7	0	7

EMPLOYER'S BRAND

In 2023, the Holding continued to actively work on strengthening its HR brand and increasing employee engagement. The goal was to create a favorable and supportive environment within the company.

As part of the employee engagement survey conducted in 2023, an aggregated engagement score of 80.2%

was obtained. This score served as the starting point to develop an action plan in order to increase employee engagement both within the Holding and its subsidiaries.

To improve the employee engagement rates, an action plan has been elaborated will be implemented in pursuance of the Unified HR Policy for 2024.

OCCUPATIONAL HEALTH AND SAFETY

An absolute priority for the Holding and its subsidiaries is to ensure occupational health and safety in strict compliance with requirements of the laws of the Republic of Kazakhstan, international and national standards, and relevant in-house regulations of the Holding.

When performing their official duties, as well as while staying at the premises of the Holding, the employees are briefed and comply with the safety regulations, in accordance with the Occupational Health and Safety Instructions adopted and approved by the Holding of the Holding and pursuant to the laws of the Republic of Kazakhstan.

According to Order #1019 of the Minister of Health and Social Development of the Republic of Kazakhstan dated December 25, 2015 "On approval of Rules and Deadlines of Training, Briefings and Employees' Testing of Knowledge of Occupational Health and Safety", the training events are organized annually.

In 2023, the training workshops "Occupational Health and Safety at Enterprises and Fire Safety Basics" were organized for the senior personnel of Baiterek NMH JSC and directors of the Holding's structural subdivisions, with the requirement to pass subsequently a special examination, with the involvement of a state health and safety inspector for Astana City.

To reduce threats to life and preserve health of the Holding's employees when providing first aid, an annual monitoring of medicines and medical supplies available in the Holding's first aid kits is conducted. Additionally, to ensure health and safety of employees in case of emergencies, each employee of the Holding is provided with an individual gas and smoke protection kit (GSPK) and a firefighting blanket (FB) at his/her workplace.

The Holding in partnership with KHC organized the fire safety training exercises, including an evacuation of all employees of the Holding from the Baiterek Business Center, according to the approved 2023 Fire Safety Action Plan.

In 2023, there were no injuries were recorded at the Holding or its subsidiaries

In 2024, the work will be continued to ensure a safe working environment, subject to requirements of the national standards, rules and standardization guidelines, sanitary regulations and rules. It is planned to actively involve all employees of the Holding in the health, safety, labor protection measures.



INTERACTION WITH SOCIETY

INFORMATION POLICY

The Holding and its subsidiaries carry out the information work in accordance with the PR strategy of the Holding for 2021–2023 as approved by resolution of the Management Board of Baiterek NMH JSC dated March 17, 2021 (minutes #13/21).

The information is disclosed by Baiterek NMH JSC by disseminating the information as follows:

- providing recipients of the information with access to the information/documents according to the procedure set forth by the laws, Articles of Association of the Holding, the Information Disclosure Policy, the above Rules for Posting Information in Mass Media, on the Internet Resource of the Holding and on Its Official Social Media Accounts, and other in-house regulations of the Holding;
- posting in mass media;
- publication on the Internet, web-site of the Holding at: www.baiterek.gov.kz and on the Holding's Facebook, Instagram, Twitter, YouTube, and Telegram official accounts;
- publication on the Holding's internal resources;
- holding press events and meetings with information recipients, as well as other methods envisaged by the laws of the Republic of Kazakhstan and documents of the Holding.

The Holding develops an annual media plan, which is to be approved by the Management Board. In addition, the media plan for the newsworthy events of the Holding's Group is prepared on a monthly basis and is approved by the Chairman of the Management Board of the Holding, followed by a report of the implementation thereof.

In 2023:

- 149 newsworthy occurrences were created for mass media;
- 144 press releases were published in the state and Russian languages, 16 interviews were arranged, 521 materials were published in mass media, including articles describing the success stories of the Holding's stakeholders (entrepreneurs, persons who received affordable housing, exporters, agro-industrial complex entities who enjoyed the Holding's support under various programs);
- 2 thematic reports were organized at the Atameken Business TV channel and 7 news stories – at Khabar 24 TV channel;
- an internet conference was held on the e-Government platform, Egov.kz;
- 5 thematical infographics were developed in the state and Russian languages.

The Holding's pages have been actively functioning on the following social media platforms: Facebook, Instagram, Twitter, YouTube, Telegram; in 2023, 1,578 news stories were published there, including articles, interviews, infographics, reels, etc.

As of December 31, 2023, there were 36,868 subscribers in total (Facebook – 17,374, Instagram – 12,427, Twitter – 162, YouTube – 4,241, Telegram – 2,036, and Threads – 628).

To maximize the coverage of the audience, as well as to clarify the work of the Holding, the press services of the Holding's subsidiaries were informing the population on a consistent basis about ongoing initiatives, the implementation of financial programs, etc.

Furthermore, monthly meetings were organized with the participation of all representatives of the subsidiaries' press services, where issues of joint coverage, cooperation, implementation of the PR campaigns and potential crucial nuances were discussed. In addition, target meetings were held on a regular basis (for urgency – via videoconferencing) in order to respond promptly to critical materials or statements published in the mass media.

In 2023, the subsidiaries made every effort to cover their activities. They organized the publication of 2,404 materials in mass media, 4,258 posts in social media,

and 1,106 news stories on the subsidiaries' official web-sites..

BUILDING OF TRUST TO THE HOLDING'S ACTIVITIES

In 2023, KAZCORP LLP carried out a survey to assess the level of confidence in the Holding's activities. The key goal of the survey was to determine the level of the target groups' awareness and knowledge of the Holding's activities.

Ultimately,

- the integral confidence index for all target groups (the Sole Shareholder, subsidiaries, clients, the public, customers) for the Holding's activities was 87.68% in 2023 (87.16% in 2022);
- the index of awareness of the target groups about the Holding's activities was 92.3%.

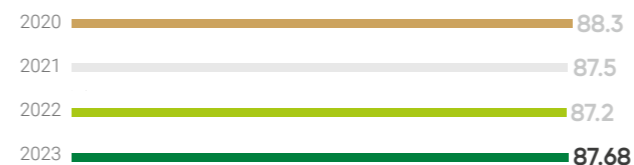
The results of the surveys conducted over the last three years prove that the Holding maintains high confidence of the target groups for the Holding's activities.

To increase the level of confidence in the Holding's activities, 12 meetings were held in 2023 with press secretaries of the subsidiaries to discuss urgent issues related to the information work under the PR strategy.

The public feedback mechanism was available through the Holding's web-site, "Questions and Answers" section (<https://www.baiterek.gov.kz/ru/qa/>). In 2023, 339 answers were given through the mechanism and promptly addressed together with the relevant structural subdivisions of the Holding, including 54 ones published on the web-site of Baiterek NMH JSC. In addition, feedback was received in 2023 through the personal blog of the Chairman of the Holding's Management Board and 24 clarifications were given to the inquiries.

PLANS FOR 2024

Confidence index for the Holding, in %



The 2024 media plan of Baiterek NMH JSC provides for the preparation and publication of informative materials regarding the Holding's activities, as well as interviewing the top managers of the Holding.

In addition, the 2024 Plan for Further Raise of the Target Groups' Confidence in Activities of the Holding's and Its Subsidiaries was approved by the resolution of the Management Board of the Holding. The Plan provides for the coverage of activities of the Holding's and its subsidiaries by mass media, social media, including speeches delivered by the top management, publications, as well as strengthening of the concept for gradual shift of the Holding's subsidiaries to online communications with their clients and step-by-step exclusion of the offline format, improvement of and ensuring the uninterrupted operation of the digital platforms, further service digitalization, etc.

SPONSORSHIP AND CHARITABLE SUPPORT

In 2023, the Holding implemented one sponsor support project. For this purpose, 150 million Tenge were allocated to the QazExpoCongress Corporate Fund with the view of organizing and holding the Astana International Forum.

INITIATIVE PROJECTS OF THE HOLDING IMPLEMENTED IN 2023:

- The Holding participated in the Road to School charity event. Employees of the Holding packed the book

bags with school kits for children from vulnerable families. The assistance is provided to lower-income families on an annual basis.

- The Holding organized a Donor Day, when 73 employees of the Holding and its subsidiaries donated blood. Over 30 liters of blood were donated.
- The Baiterek – Open Hearts charity fair was held at the Holding. Ultimately, over 2,194 thousand Tenge were raised from the sale. These funds were used to purchase 200 gifts for the Bereke Astana

fund for physically challenged children, 150 gifts for the Kaspi Fund for children with special needs, and 45 gifts for children undergoing a long-term treatment at the Children’s Cardiac Surgery Center.

The Holding’s team also used funds gained from the charitable fair to provide 5 low-income families with food and clothing.





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Event	Completion Form	Term of execution	Execution
1. Implementation of the principles of sustainable development /ESG in key processes			
1.1. The Holding's contribution to the achievement of the UN SDGs in accordance with the Holding's priorities and national indicators of the UN SDGs	Publicly available information on the Holding's website	Q3 of 2022	Executed. Information about the Holding's contribution to the achievement of the UN SDGs is posted on the website in the section "UN Sustainable Development Goals" (via corporate Outlook mail on August 31, 2023). https://baiterek.gov.kz/ru/o-kholdinge/ustoychivoe-razvitie/un-sustainable-development-goals/
1.2. Preparation of a report on the implementation of ESG principles in the investment activities of the Holding and its subsidiaries as part of the implementation of the provisions of the environmental and social policy of the Holding	Report on the implementation of the provisions of the environmental and social policy of the Holding addressed to the supervising Managing Director	Q3 of 2022	Executed. The report on the implementation of ESG principles in the investment activities of the Holding and its subsidiaries was prepared in December 2023 (official note to the supervising manager #3640 dated December 25, 2023).
1.3. Elaboration of the issue of sustainable development bonds issued by the Holding (ESG-bonds – green, social), including through the Holding's SDs	The Minutes of the round table / competence center with further development of recommendations and instructions, SD's letters to about the need for the issuance of sustainable development bonds (ESG-bonds – green, social)	Annually	Executed. On December 4, 2023, the Department of Corporate Finance and the Strategic and Corporate Development Department, together with the Eurasian Development Bank (EDB), conducted a Competence Center for interested employees of the Holding's subsidiaries on the topic "Discussion of the foreign exchange market, securities market, ESG development, and sustainable development projects, forecast for 2024". Also, on December 25, 2023, the Development Bank of Kazakhstan successfully placed green bonds on the Astana International Financial Centre exchange – AIX.

Event	Completion Form	Term of execution	Execution
1.4. Formation of a unified database of green projects of the Holding's subsidiaries (including social projects) in accordance with the main directions for the implementation of green projects defined in the Holding's environmental and social policy and the taxonomy of social projects, broken down by sectors (including energy, agro-industrial complex, housing sector, etc.), volume of financing, and environmental and social effects	Unified database of green (including social) projects on the Holding's website, categorized by sectors, volume of financing, and environmental and social effects	Q1, 3 of 2023	Executed. The unified database of green, including social, projects is updated on the Holding's website on a semi-annual basis. https://baiterek.gov.kz/ru/o-kholdinge/ustoychivoe-razvitie/zelyenye-proekty/
1.5. Analysis of the application of the principles of sustainable development in the implementation of projects in the field of agriculture	SCRC Minutes	Q4 of 2022	Executed. Information on the analysis of the application of the principles of sustainable development in the implementation of projects in the field of agriculture was considered at the meeting of the Strategy and Corporate Development Committee on December 28, 2022 (Minutes #22).
1.6. Consideration of the possibility of issuing a new product, the "Green Mortgage"	SCRC Minutes	2023	Executed. Since January 5, 2023, Otbas Bank has started accepting applications for the "Green Mortgage" program.
2. Implementation of the principles of sustainable development in administrative and economic activities			
Conducting campaign events to increase environmental awareness of employees – contests, team building, business breakfasts, environmental actions (days without cars, days of reasonable resource consumption) / publications in social networks	Contests/team building/business breakfasts/ environmental actions / publications in social networks	Annually	Executed. A Day without cars was held on September 22, 2023. Publications in social networks are carried out on an ongoing basis. Additionally, in 2023, a cleanup day was organized in collaboration with the Department of Operational Activities at the premises of the animal shelter.
2.2. Conducting training on the topic "Green Office"	Contract with the training provider	2022	Executed. In the Q3 of 2022, employees of the Holding passed an online seminar on the topic "Green Office".
2.3. Informing on increasing environmental awareness of employees	Newsletters to the BUs of the Holding about resource conservation	Annually	Executed. Throughout the year, video materials on resource conservation were created for international environmental days in Kazakh and Russian. These videos were displayed in the elevators of the Baiterek Business Center and shared on the HR NEWS Baiterek Telegram channel.

Event	Completion Form	Term of execution	Execution
2.4. Public information in the field of energy and resource conservation in the office and/or environmental education of employees of the Holding	Publication on the official website and/or internal resources of the Holding	Annually, in the 4 th quarter of the year following the reporting year	Executed. Information on resource conservation was published on the Holding's website in the section "Environmental impact" (Official Note to the PR sector # 2525 dated 08.09.2023).
2.5. Participation in the republican contest "Green Office"	Application for participation	Annually	Executed. Application was submitted to participate in the Russian GREEN OFFICE AWARDS 2023 competition, according to the results of which the Holding won in the special nomination "The Best green office in Kazakhstan". https://baiterek.gov.kz/ru/pr/news/kholding-bayterek-stal-pobeditelem-premii-green-office-awards
2.6. Development of information stands/posters	Placed stands/posters on the floors of the Holding	Annually	Executed. In 2023, a reverse vending machine for accepting aluminum cans and plastic bottles was installed on the 1 st floor of the Baiterek Business Center. Also bins for batteries and pet food were installed for further donation to animal shelters. QR codes have been placed on all floors of the Baiterek Business Center to enable donations to the Stop Arrest Fund for homeless animals. Throughout 2023, video materials on resource conservation were created in Kazakh and Russian for international environmental days and were displayed in the elevators of the Baiterek Business Center and on the HR NEWS Baiterek Telegram channel.
2.7 Installation of separate waste collection containers, keeping records of transferred waste paper	Report on the volume of collected waste paper sent to the DSCR for further publication in the Annual Report / Sustainable Development Report	Quarterly, from 2023	Executed. For 2023, 938 kg of waste paper (526 kg of cardboard, 412 kg of paper) was handed in. In addition, a closed container was installed on the adjacent territory of Baiterek business center to store waste paper before sending it for recycling.
2.8 Preparation of an information eco-calendar for employees of the Holding, including international environmental holidays	Eco-calendar sent to the BUs of the Holding	Annually	Executed. On February 16, 2023, the Operational Activities Department developed and circulated an eco-calendar to the Holding's subsidiaries, which includes international environmental holidays (official note # 493 dated February 16, 2023). Additionally, throughout 2023, promotional and informational videos on environmental protection were created in Kazakh and Russian for international environmental days and were displayed in the elevators of the Baiterek Business Center and on the HR NEWS Baiterek Telegram channel.
2.9 Consideration of obtaining certification in Occupational Health and Safety (OHSAS 18001) and Environmental Management (ISO 14001)	Official note to the supervising managing director	First half of 2023	Executed. On 17.10.2023 the certificates ST RK ISO 14001-2016 (ISO 14001:2015) "Environmental Management Systems. Requirements and Guidelines for Use" and ST RK ISO 45001-2019 (ISO 45001:2018) "Occupational Safety and Health Management Systems. Requirements and Guidelines for Use" were obtained.

Event	Completion Form	Term of execution	Execution
2.10 Consideration of purchasing pens made from sustainable materials	Decision of authorised bodies	2023	Executed. In 2022, 500 pens made of environmentally friendly materials were purchased. Also in 2023, a further 500 such pens were purchased.
2.11 Consideration of installing an automatic lighting control system in corridors (motion sensors)	Sending a letter of recommendation to the lender	2023	Executed. The letter of recommendation dated 30.03.2023 was sent to the Іе твук (out. # 03-1-3-30/1231)
2.12 Tree planting, sending a request to the akimat on the possibility of providing trees for planting	Sending a request to the akimat on the possibility of providing trees for planting	2023	Executed. The request to the Akimat of Yesil district of Astana city regarding the possibility of providing trees for planting was sent from 03.04.2023 (out. # 03-1-3-28/1245). Akimat did not provide a response to the above request.
3. Building sustainable development competencies			
3.1. Training on sustainable development /ESG/ green finance (including online format)	Certificate of training completion	Annually	Executed. In 4 quarter of 2023, the Holding's employees passed a seminar on "ESG: Concept, Risks, Strategy", the program of which included the topic of investment projects within the framework of environmental and social policy implementation, including classification of projects and their monitoring.
3.2. Conducting a Competence Center with the participation of a SDs for the development of green financing/ issuance of sustainable development bonds (green, social) with the invitation of AIFC/ KASE specialists	Minutes of the meeting	Annually	Executed. 04.12.2023 On 25.05.2022, Department of Corporate Finance and the Strategic and Corporate Development Department jointly with Eurasian Development Bank (EDB) held a Competence Center with interested employees of the Holding's SDs on the topic "Discussion on foreign exchange market, securities market, ESG development and sustainable development projects, forecast for 2024".
3.3 Conducting training for the Holding's employees with the involvement of experts on ESG screening of investment projects within the framework of environmental and social policy implementation, including classification of projects and their monitoring	Minutes of the round table / training certificate	2023	Executed. In 4 quarter pf 2023, the Holding's employees attended a seminar on "ESG: Concept, Risks, Strategy".

Event	Completion Form	Term of execution	Execution
3.4. Exchange of experience on the implementation of ESG factors in the business processes of the Holding Group, including the development of proposals for improving the sustainable development system	Minutes of the round table with proposals	Annually	<p>Executed.</p> <p>On 13.06.2023, a round table was held with the participation of subsidiaries to share experience in implementing ESG factors in business processes, including the development of proposals to improve the sustainable development system with subsidiaries, where the following topics were raised:</p> <ul style="list-style-type: none"> • Results of the Roadmap of the Holding's ESG initiatives; • ESG rating of the Holding; • Experience of the Holding's subsidiary organizations: the Development Bank of Kazakhstan's commitment to sustainable development. <p>According to the results of the round table it was proposed:</p> <ul style="list-style-type: none"> • To consider the possibility of conducting training on recommendations of the Task Force on Climate-Related Financial Disclosures (Task Force on Climate-Related Financial Disclosures, TCFD) within the framework of environmental reporting.

Event	Completion Form	Term of execution	Execution
3.5 Participation in external conferences/ round tables/seminars on sustainable development /ESG (including online format)	Participation in external conferences / round tables /seminars	Annually	<p>Executed.</p> <p>SCDD staff participated in a number of external initiatives on sustainable development:</p> <ul style="list-style-type: none"> • Organization for Economic Cooperation and Development (OECD) Working Group on State Ownership and Privatization Practices meeting to discuss sustainability in Paris (April 18-19, 2023); • Sustainability in Conversation: Coming to Terms with Terms online conference (May 5, 2023); • One Planet Sovereign Wealth Fund (OPSWF) working group meeting in Paris (June 20, 2023); • Sixth Annual OPSWF CEO Summit in Paris (June 20-21, 2023); • 41st Meeting of the OECD Working Group on State Ownership and Privatization Practices in Paris (October 24-25, 2023); • Conference "Kazakhstan Business for Sustainable Development" organized by the UN offices in the Republic of Kazakhstan and the UN Global Compact (November 28, 2023); • Regional Forum "Central Asia on the way to the 28th Conference of the Parties to the UNFCCC: 5 countries – 1 region – 1 vote" (November 7, 2023); • National Forum on Corporate Governance – New Challenges" (December 7, 2023); • Meeting of the National ESG Club, where the Holding was awarded for winning the GREEN OFFICE AWARDS 2023 (December 13, 2023); • Presentation of the final draft of the Country Program for the Green Climate Fund, organized by the NAO "International Center for Green Technology and Investment Projects" (December 20, 2023).

Event	Completion Form	Term of execution	Execution
4. Participation in sustainable development initiatives			
4.1. Preparation of a report on the implementation of the UN initiative "Principles for the Empowerment of Women / Women Empowerment Principles (WEP)"	Information on the website / in the Annual Report / in the Sustainable Development Report	Annually	Executed. Information on the gender ratio in the Holding and non-discrimination is included in the Annual Report for 2022 and the Report on the Sustainable Development of the Holding for 2022.
4.2. Joining the National ESG Club	Memorandum of Cooperation/ Mutual Understanding/Letter of affiliation	2023	Executed. The Holding is affiliated with the ESG Club based on the decision of the members of the National ESG Club # 3 dated November 11, 2022.
4.3. Consideration of the possibility of joining the International Initiative for Sustainable Development /ESG (UN Principles of Responsible Investment / Principles of the UN Global Compact, etc.)	Analytical note to the supervising managing director	Annually	Executed. Information on potential sustainable development initiatives has been sent to the supervising managing director (official note # 06-2-08/1591 dated 02.06.2023). The Holding is a signatory of the UN Women Empowerment Principles (WEP) initiative and a member of the National ESG Club.
5. Increasing transparency of disclosure of information in the field of sustainable development in reporting and on the corporate website			
5.1. Development and submission of the Annual Report of the Holding for consideration by the Management Board and the Board of Directors of the Holding	Decisions of authorized bodies	Annually, in the 3 rd quarter of the year following the reporting year	Executed. Board decision as of 29.06.2023 (Minutes #25/23); Decision of the BoD as of 29.08.2023 (Minutes #05/23). Memo to the PR sector for posting on the Holding's website dated September 7, 2023 #2499. The Holding's annual report for 2022 is posted in the "Annual Reports" section of the Holding's website (https://www.baiterek.gov.kz/ru/o-kholdinge/otchetnost-kholdinga/godovye-otchet/).
5.2. Development and submission of the Sustainable Development Report of the Holding for consideration by the SCRC, the Management Board, the SPC under the BoD and the Holding's SDs	Decisions of authorized bodies	Annually, in the 3 rd quarter of the year following the reporting year	Executed. SCRC Resolution #8 dated 16.06.2023; Board decision as of 29.06.2022 (Minutes #03/23); Decision of the SPC under the BoD as of 28.08.2023 (Minutes #03/23); BoD's resolution as of 29.08.2023 (Minutes #05/23). Memo to the PR sector for posting on the Holding's website dated September 7, 2023 #2499. The Holding's Sustainable Development Report for 2022 is posted in the Sustainability Reporting section of the Holding's website (https://baiterek.gov.kz/ru/o-kholdinge/otchetnost-kholdinga/otchetnost-po-ustoychivomu-razvitiyu/).
5.3. Participation in the Annual Reports competition	Application for participation	Annually	Executed. The Holding's Annual Report for 2022 has been sent to participate in the Annual Reports Competition organized by KASE. Also, the Holding's Annual Report and Sustainable Development Report for 2022 have been sent to participate in the ESG Disclosure Rating conducted by PWC.

Event	Completion Form	Term of execution	Execution
5.4. Updating of the "Sustainable Development" section of the Holding's corporate website	Memo to the APP (PR sector)	Quarterly (if necessary)	Executed. The information for updating the section was sent to the PR sector within Official Note #3612 dated 22.12.2023, #3185 dated 14.11.2023, #2525 dated 08.09.2023.
5.5. Informing about the Holding's activities in the field of sustainable development	Publication on the corporate website / social networks of the Holding /mass media	Annually	Executed An article about "Environmental Initiative: Green Approaches in Organizing Office Space" was placed in the media (https://www.caravan.kz/news/ehkologicheskaya-iniciativa-zelenye-podkhody-v-organizacii-ofisnykh-prostranstv-971445/). The Holding's corporate website also contains information about the Holding's victory in the GREEN OFFICE AWARDS in 2023 (https://baiterek.gov.kz/ru/pr/news/kholding-bayterek-stal-pobeditelem-premii-green-office-awards).

INFORMATION ON ADHERENCE TO THE UN WOMEN’S EMPOWERMENT PRINCIPLES

<p>Principle 1. Establish high-level corporate leadership for gender equality</p>	<p>The Holding’s Group has been implementing the Unified HR Policy for 2022–2024 (the “HR Policy”), one of the objective of which is to develop a corporate culture based on the ESG principles at the Holding and its subsidiaries.</p> <p>In this regard, pursuant to HR Policy of the Holding, the indicator “Number of women in the management of the Holding and its subsidiaries” is included in the development plans as a KPI for 2022–2024.</p> <p>According to the 2023 results, the percentage of women in the Management Boards and Board of Directors was 17%, and 53% of the total number of managing directors and heads of the structural subdivisions.</p> <p>In addition, women are given priority in the course of selection to the Single Talent Pool of the Holding.</p> <p>In the medium term period, the Holding plans to implement the Women’s Leadership Development program to ensure compliance with the diversity and inclusiveness principle throughout the Holding’s Group.</p>
<p>Principle 2. Equal opportunities, inclusion and non-discrimination</p>	<p>When carrying out its activities, the Holding is governed by the principle of equal opportunities and does not allow discrimination of its employees in hiring, remuneration, providing access to training, promotion, dismissal on such grounds as gender, race, language, religious, political and other beliefs, nationality, ethnic or social origin, or disability. This position is stipulated by the Holding’s Sustainable Development Policy.</p> <p>In 2023, the portion of women in the Holding’s Group was 56%.</p>
<p>Principle 3. Health, safety and freedom from violence</p>	<p>The Holding implements the Rules for the provision of social support to employees (the “Rules”), which determine the types, conditions and procedure for providing social support to employees of the Holding in accordance with the laws of the Republic of Kazakhstan and in-house regulations of the Holding.</p> <p>The Rules provide for social support of the following types:</p> <ul style="list-style-type: none"> • financial assistance; • the program of voluntary medical insurance (health insurance). <p>Financial assistance is paid to employees against the Holding’s funds in due order, including in connection with:</p> <ol style="list-style-type: none"> 1) a maternity leave, a leave granted to those who have adopted a newborn child/newborn children; 2) a birth of a child/ adoption of children; 3) a treatment/surgery of an employee or persons being his/her family members.

<p>Principle 4. Education and advanced professional training</p>	<p>Personnel training and development is also one of the priorities of the HR Policy. Training at the Holding is based on the annual assessment of employees in terms of their competences, with individual development plans to be prepared. The training process at the Holding is standardized, training is provided according to the uniform rules.</p>
<p>Principle 5. Enterprise development, sales and supply chain management methods</p>	<p>The Holding also supports women through its subsidiaries – Otbasý Bank and Damu Fund by providing Umai mortgage and funding women’s entrepreneurship projects.</p> <p>So, as of 01.01.2024, Damu Fund had supported 96.0 thousand women’s entrepreneurship projects (47% of the total number of projects), whereas the total amount of related loans was 2,893 billion Tenge (24% of the total amount of all loans).</p> <p>As a part of the implementation of the Umai women’s mortgage, 8.4 billion Tenge were allocated in 2021, 14 billion Tenge in 2022, and the third tranche of loanable funds was issued by Asian Development Bank in the amount of 15.6 billion Tenge during the reporting year. In addition, the Bank additionally allocated 3.3 billion Tenge from its own funds for the implementation of the program. In total, 3.7 thousand loans for the amount of 41.2 billion Tenge were issued as of the end of 2023.</p>
<p>Principle 6. Participation of society and leadership at the community level</p>	<p>The Holding periodically provides charitable support to women with children who face a difficult life situation. In 2022, the Holding held a charity fair “Baiterek – Open Hearts”. Ultimately, related sales proceeds exceeded 2,194 thousand Tenge. These funds were used to purchase 200 gifts for the Bereke Astana Fun for physically challenged children, 150 gifts for Kaspi Fund for children with special needs, and 45 gifts for children undergoing a long-term treatment at the Children’s Cardiac Surgery Center. The Holding’s team also used funds gained from the charity fair to provide 5 low-income families with food and clothing.</p>
<p>Principle 7. Transparency, assessment and reporting</p>	<p>The Holding regularly discloses information of gender equality in its Annual Report and Sustainable Development Report.</p>

TCFD INDEX TABLE

Disclosure	Comments
<p>Corporate Governance</p> <p>Disclose the organization's governance around climate-related issues and opportunities.</p>	<p>a. Describe the Board of Directors' oversight of climate-related risks and opportunities.</p> <p>The Board of Directors of the Holding provides strategic leadership and oversight for the implementation of sustainable development.</p> <p>Consideration of matters related to the sustainable development is preliminary delegated to the Strategic Planning Committee of the Holding. The oversight is also carried out through the analysis and monitoring of the achievement of the Holding's Development Plan targets. The Holding's Plan for 2024–2033 provides for determining the company's intent to promote the implementation of the national low-carbon development strategy; to develop sustainable financing tools conforming to the ESG principles; improve transparency of Baiterek NMH JSC and its subsidiaries; develop a unified HR policy for the Group; promote responsible procurement and ESG risk management.</p> <p>b. Describe management's role in assessing and managing climate-related risks and opportunities.</p> <p>The Management Board of the Holding ensures the establishment and implementation of an appropriate sustainable development management system and approves the corresponding Sustainable Development Action Plan. The Management Board also submits a Sustainable Development Report for review by the Board of Directors on an annual basis in the third quarter of the year following the reporting year.</p> <p>Corporate KPI maps of members of the Management Board of the Holding include KPIs to ensure sustainable development of Baiterek NMH JSC. Furthermore, the data are based on the report of the implementation of the Holding's Sustainable Development Action Plan.</p> <p>Heads of the respective structural subdivisions of the Holding bear personal responsibility for the implementation of measures and the achievement of the sustainable development KPIs, subject to their competences.</p> <p>The role of management also includes the periodic analysis and monitoring of the achievement of the Holding's Development Plan targets. This involves reviewing reports on the implementation of the ESG principles in the investment activities of the Holding and its subsidiaries as part of the implementation of the Holding's environmental and social policies, and the issue of sustainable development bonds (ESG-bonds – green, social ones) by the Holding, including through the subsidiaries of the Holding.</p>
<p>Strategy</p> <p>Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy and financial planning where such information is material.</p>	<p>a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p> <p>The processes of identification, assessment and management of climate-related risks are integrated in the Sustainable Development Policy of Baiterek NMH JSC, Development Plan of Baiterek NMH JSC for 2024–2033, Sustainable Development Action Plan of Baiterek NMH JSC for 2024–2026, and the Strategy of Development of the Risk Management System until 2026.</p>

Disclosure	Comments
	<p>b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</p> <p>In 2024, the Holding plans to assess the impact of climate-related risks and opportunities on business, strategy and financial planning of Baiterek NMH JSC.</p>
	<p>c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p> <p>In 2024, the Holding plans to assess the resilience of Baiterek NMH JSC's strategy subject to different climate-related scenarios, including the 2°C scenario.</p>
<p>Risk Management</p> <p>Disclose how the organization identifies, assesses and manages climate-related risks.</p>	<p>a. Describe the organization's processes for identifying and assessing climate-related risks.</p> <p>The Holding's Sustainable Development Policy requires that its counterparties implement an environmental risk management system to identify and effectively implement appropriate management measures.</p>
	<p>b. Describe the organization's processes for managing climate-related risks.</p> <p>The Holding has its Risk Management Policy that establishes the key principles of risk management. The corporate risk management and internal control system covers all levels and types of activities, business processes, types of reporting, information, and company operations, utilizing the three lines of defense model. Pursuant to the roadmap for the ESG initiatives and action plans, various initiatives have been developed, and Baiterek seeks to further develop the ESG-risk management, including assessment of climate-related risks and opportunities.</p>
	<p>c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</p> <p>The processes for identifying, assessing, and managing climate-related risks are integrated in the Sustainable Development Policy of Baiterek NMH JSC, the Development Plan of Baiterek NMH JSC for 2024–2033, the Sustainable Development Action Plan of Baiterek NMH JSC for 2024–2026, and the Strategy of Development of Risk Management System until 2026.</p>
<p>Metrics and Targets</p> <p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>	<p>a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p> <p>At present, there are no quantitative indicators at the Holding's level that are required for an assessment of climate-related risks and opportunities. It is necessary to consider and analyze the quantitative indicators for the assessment of climate-related risks and opportunities.</p>

Disclosure **Comments**

b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. Since 2021, the Holding has been calculating the volumes of Scope 1 emissions, and since 2020 – the Scope 2 emissions, at the company’s level and based on an internal methodology.

	DESCRIPTION	2021	2022	2023
Scope 1	Emissions in the result of using company vehicles to transport employees and managers, as well as using rented vehicles to transport employees in the morning and evening.	29.3 tCO ₂ e	32 tCO ₂ e	19.3 tCO ₂ e
Scope 2	Emissions resulting from consumption of purchased electricity, heating energy, water heating and waste disposal.	971.4 tCO ₂ e	1 036.2 tCO ₂ e	653.4 tCO ₂ e
Scope 3	Emissions from transportation of employees by air and railways, gross design emissions from employees’ work travels, paper processing, courier services, and interpreters’ services.	-	-	-

In 2023, Baiterek did not calculate the volume of Scope 3 emissions either at the company’s or the Group’s level; however, intends to calculate the volume of Scope 3 emissions under the action plan for 2024. The subsidiaries of the Holding started or intend to start calculating the Scope 3 emissions in their operations.

c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets. The relevant strategies and initiatives of the Holding include the company’s intent to define its position with regards to climate change and reduce the impact of its operations and financial activities on the environment through the measurement of greenhouse gas emissions according to an internationally recognized method, setting goals to reduce the emissions, measuring and disclosing the level of resource consumption, increasing the share of green projects and elaborating a policy to take into consideration wider environmental topics, such as biodiversity and exclusion of questionable enterprises. The introduction of initiatives or measurable goals to reduce the consumption of resources, for example, water, as well as using renewable energy sources at offices will improve the efficiency of the company’s environmental policy and its desire to manage the impact on the environment.

GRI INDEX TABLE

Indicator	Disclosure	Report Section/Comment	Page
GRI 1: Foundations (2021)			
GRI 2: General disclosure (2021)			
2-1	Organization profile	About Holding	14
2-2	Entities included in the organization’s sustainability reporting	About Holding	14
2-3	Reporting period, frequency and contact point	About the Report Contact Details	2 106
2-4	Restatements of information	Data and information were not revised	
2-5	External assurance	External assurance was not provided	
2-6	Activities, value chain and other business relationships	Structure and support tools of the Holding	14
2-7	Employees	Responsible work practice	68
2-8	Workers who are not employees	All employees are staff members with whom employment contracts are concluded	
2-9	Governance structure and composition	Corporate Governance System	36
2-10	Nomination and selection of the highest governance body	Corporate Governance System	36
2-11	Chair of the highest governance body	Corporate Governance System	36
2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance System	36
2-13	Delegation of responsibility for managing impacts	Sustainable Development Management System	15
2-14	Role of the highest governance body in sustainability reporting	Sustainable Development Management System	15
2-15	Conflicts of interest	Responsible work practice	55
2-16	Communication of critical concerns	Responsible work practice	55
2-17	Collective knowledge of the highest governance body	Corporate Governance System	36
2-18	Evaluation of the performance of the highest governance body	Corporate Governance System	36
2-19	Remuneration policies	Corporate Governance System	36
2-20	Process to determine remuneration	Corporate Governance System	36
2-21	Annual total compensation ratio	Information on employees’ remuneration is treated by the Holding as confidential information and shall not be disclosed	
2-22	Statement on sustainable development strategy	Address by the Chairman of the Management Board	6

Indicator	Disclosure	Report Section/Comment	Page
2-23	Policy commitments	Sustainable Development	15
		The Holding's Contribution to the Achievement of the UN Sustainable Development Goals	18
		Responsible Investment	60
		Report on the implementation of the Action Plan for Sustainable Development of Baiterek NMH JSC by the end of 2023	80
2-24	Embedding policy commitments	Sustainable Development Management System	15
		Action Plan for Sustainable Development of Baiterek NMH JSC by the end of 2023	86
2-25	Processes to remediate negative impacts	In 2023, no cases of direct adverse impact on ecology and social environment were recorded	
2-26	Mechanisms for seeking advice and raising concerns	Responsible work practice	55
2-27	Compliance with laws and regulations	In 2023, there were no cases of violation of laws and regulations	
2-28	Membership associations	The Holding is not a member in any associations or unions	
2-29	Approach to stakeholder engagement	Interaction with Stakeholders	28
2-30	Collective bargaining agreements	The Holding does not practice concluding collective employment contracts	
GRI 3: Material Topics (2021)			
3-1	Process to determine material topics	About the Report	2
3-2	List of material topics	About the Report	2
GRI 201: Economic Performance (2016)			
3-3	Management of material topics	Development plan	48
		Economic Effectiveness	52
		Procurement Activities	53
201-1	Direct Economic Value Generated and Distributed	Development plan	48
		Economic Effectiveness	52
		Procurement Activities	53
201-2	Financial implications and other risks and opportunities due to climate change	The activities of the organization do not have a direct impact on climate change. The climate impact of projects financed by the organization has not been assessed.	
201-3	Defined benefit plan obligations and other retirement plans	All employees of the Holding are covered by the state pension system and pay mandatory pension contributions.	
201-4	Financial assistance received from government	Structure and support tools of the Holding	14
GRI 202: Market Presence (2016)			
3-3	Management approach	Corporate Governance System	36
202-2	Proportion of senior management hired from the local community	Corporate Governance System	36

Indicator	Disclosure	Report Section/Comment	Page
GRI 203: Indirect Economic Impacts (2016)			
3-3	Management approach	Development plan	48
		Economic Effectiveness	52
203-1	Infrastructure investments and services supported	Development plan	48
		Economic Effectiveness	52
203-2	Significant indirect economic impacts	Development plan	48
		Economic Effectiveness	52
GRI 204: Procurement Practices (2016)			
204-1	Proportion of spending on local suppliers	Procurement Activities	53
GRI 205: Anti-Corruption (2016)			
3-3	Management approach	Responsible work practice	55
205-1	Operations assessed for risks related to corruption	Assessment was not made	
205-2	Communication and training about anti-corruption policies and procedures	Responsible work practice	55
205-3	Confirmed incidents of corruption and actions taken	In 2023, there were no cases of corruption offenses committed by employees of the Holding	
GRI 301: Materials (2016)			
3-3	Management approach		
301-1	Materials used by weight or volume	Green Office	62
GRI 302: Energy 2016			
3-3	Management approach	Green Office	62
302-1	Energy consumption within the organization	Green Office	62
GRI 303: Water and Effluents 2018			
3-3	Management approach	Green Office	62
303-1	Interaction with water as a shared resource	Green Office	62
303-2	Managing impacts associated with water discharge	The Company's operations do not involve water discharge	
303-3	Water withdrawal	The Company does not withdraw water from natural sources	
303-4	Water discharge	The Company's operations do not involve the discharge of water.	
303-5	Water consumption	Green Office	62
GRI 304: Biodiversity (2016)			
3-3	Management of Material Topics	The Company's operations do not have a significant impact on biodiversity.	
304-1	Production sites owned, leased or managed by the organization and located in or adjacent to protected areas and areas of high biodiversity value outside protected areas and areas with high biodiversity value		
304-2	Description of significant impacts of operations, products and services		
GRI 305: Emissions (2016)			
3-3	Management of Significant Topics	Green Office	62
305-1	Direct greenhouse gas emissions (Scope 1)	Green Office	62
305-2	Indirect greenhouse gas emissions (Scope 2)	Green Office	62
305-3	Other indirect greenhouse gas emissions (Scope 3)	Green Office	62

Indicator	Disclosure	Report Section/Comment	Page
305-4	Intensity of greenhouse gas emissions	Green Office	62
305-5	Reduction of greenhouse gas emissions	Green Office	62
305-6	Emissions of ozone-depleting substances into the atmosphere	The Company's operations do not involve emissions of ozone-depleting substances into the atmosphere	
305-7	Emissions of nitrogen oxide (NOx), sulfur oxide (SOx) and other significant pollutants into the atmosphere	The Company's operations do not involve emissions of pollutants into the atmosphere	
GRI 306: Waste (2020)			
3-3	Management of Significant Topics	Green Office	62
306-1	Waste Generation and Significant Waste Related Impacts	Wastes directly generated in the course of the Holding's operations do not have a significant impact on the environment.	
306-2	Management of significant waste related impacts		
306-3	Waste generation	Green Office	62
GRI 307: Compliance with environmental legislation (2016)			
3-3	Management of material topics	Environmental Component of Sustainable Development	60
307-1	Non-compliance with environmental laws and regulations	In the reporting year, no facts of violation of environmental legislation by the Company were recorded.	
GRI 308: Environmental Assessment of Suppliers (2016)			
3-3	Management of material topics	The Company does not conduct environmental assessments of suppliers and contractors.	
308-1	New suppliers assessed against environmental criteria		
308-2	Negative environmental impacts in the supply chain and actions taken		
GRI 401: Employment (2016)			
3-3	Management approach	Responsible work practice	68
401-1	New employee hires and employee turnover	Responsible work practice	68
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Responsible work practice	68
401-3	Parental leave	Responsible work practice	68
GRI 402: Labour/Management Relations 2016			
3-3	Management approach	Responsible work practice	68
402-1	Minimum notice periods regarding operational changes	A notice of changes in working conditions is given in accordance with the rules of Kazakhstan labour laws	
GRI 403: Occupational Health and Safety (2018)			
3-3	Management approach	Responsible work practice	68
403-1	Occupational health and safety management system	Responsible work practice	68
403-4	Worker participation, consultation, and communication on occupational health and safety	Responsible work practice	68
403-5	Worker training on occupational health and safety	Responsible work practice	68
403-6	Promotion of worker health	Responsible work practice	68
403-8	Workers covered by an occupational health and safety management system	Responsible work practice	68

Indicator	Disclosure	Report Section/Comment	Page
403-9	Work-related injuries	In 2023, there were no cases of work-related injuries and ill health of employees	
403-10	Work-related ill health		
GRI 404: Training and Education 2016			
3-3	Management approach	Responsible work practice	68
404-1	Average hours of training per year per employee	Responsible work practice	68
404-2	Programs for upgrading employee skills and transition assistance programs	Responsible work practice	68
GRI 405: Diversity and Equal Opportunities 2016			
3-3	Management approach	Corporate Governance System Responsible work practice	36 68
405-1	Diversity of governance bodies and employees	Corporate Governance System Responsible work practice	36 68
GRI 406: Non-discrimination 2016			
3-3	Management approach	Responsible work practice	68
406-1	Incidents of discrimination and corrective actions taken	In 2023, there were no cases of discrimination	
GRI 407: Freedom of association and collective bargaining (2016)			
3-3	Management of material topics	Suppliers are not assessed for the level of risk of restricting freedom of association.	
407-1	Operations and suppliers with a high risk of restrictions on freedom of association		
GRI 408: Child Labor (2016)			
3-3	Management of material topics	Suppliers are not assessed for the level of risk of child labor.	
408-1	Operations and suppliers with high risk of child labor		
GRI 409: Forced Labor (2016)			
3-3	Management of material topics	Suppliers are not assessed for the level of risk of forced labor.	
409-1	Operations and suppliers with high risk of using forced labor		
GRI 410: Safety Practices (2016)			
3-3	Management of material topics	Staff had not received human rights training.	
410-1	Security personnel with human rights training		
GRI 411: Community Rights (2016)			
3-3	Management of material topics	In the reporting period, there were no cases of violation of the rights of the local population.	
411-1	Cases of violation of the rights of the local population		
GRI 413: Local Communities (2016)			
3-3	Management of material topics	Structure and support tools of the Holding Development plan Interaction with society	14 48 80
413-1	Operations with community involvement, impact assessment and development programs	Structure and support tools of the Holding Development plan Interaction with society	14 48 80

Indicator	Disclosure	Report Section/Comment	Page
413-2	Operations with actual or potential negative impacts on local communities	In the reporting period, there were no cases of negative impact on local communities.	
GRI 414: Social evaluation of suppliers (2016)			
3-3	Management of material topics	Suppliers are not evaluated according to social criteria.	
414-1	New suppliers assessed against social criteria		
414-2	Negative impacts on the social environment in the supply chain and measures taken		
GRI 415: Public Policy 2016			
3-3	Management approach	Structure and support tools of the Holding Development plan	14 48
415-1	Political contributions	Structure and support tools of the Holding Development plan	14 48

GLOSSARY

Agrarian Credit Corporation JSC, ACC JSC	Agrarian Credit Corporation Joint Stock Company
Development Bank of Kazakhstan JSC, DBK JSC	Development Bank of Kazakhstan Joint Stock Company
Kazakhstan Housing Company JSC	Kazakhstan Housing Company Joint Stock Company
Qazaqstan Investment Corporation JSC, QIC	Qazaqstan Investment Corporation Joint Stock Company
Kazagrofinance JSC, KAF JSC	Kazagrofinance Joint Stock Company
Baiterek NMH JSC, Baiterek Holding, Holding	Baiterek National Managing Holding Joint Stock Company
Otbasy Bank Housing Construction Savings Bank JSC, Otbasy Bank	Otbasy Bank Housing Construction Savings Bank Joint Stock Company
Damu Entrepreneurship Development Fund JSC, Damu Fund	Damu Entrepreneurship Development Fund Joint Stock Company
AIC	Agro-industrial complex
Export Credit Agency of Kazakhstan JSC, ECA	Export Credit Agency of Kazakhstan Joint Stock Company
Industrial Development Fund JSC, IDF	Industrial Development Fund Joint Stock Company
Bereke Bank	Bereke Bank Joint Stock Company
STB	Second tier banks
RES	Renewable energy sources
Holding Group	Baiterek National Managing Holding Joint Stock Company and entities with more than fifty percent of voting shares (participatory interests in the authorised capital) directly owned by the Holding
Baiterek Business Center	Baiterek Business Center
SD	Entities with more than fifty percent of voting shares (participatory interests in the authorised capital) directly owned by the Holding

EBRD	European Bank for Reconstruction and Development
KPI	Key performance indicators
MSMSE	Micro-, small – and medium-sized enterprises
MSE	Micro- and small entrepreneurship
SMSB	Small and medium-sized businesses
IFRS	International Financial Reporting Standards
IFO	International Finance Corporation
MFO	Microfinance organization
AIFC	Astana International Financial Centre
NB RK	National Bank of the Republic of Kazakhstan
Nurly Zhol	Nurly Zhol State Infrastructure Development Programme 2015–2019
Nurly Zher	State Housing Development Programme "Nurly Zher" (The State Housing Development Programme "Nurly Zher" was approved by a Government Decree as of 31 December 2019)
UN	United Nations
OECD	Organisation for Economic Co-operation and Development
UN Global Compact Principles	The Global Compact's ten principles from the areas of human rights (1, 2), labour (3-6), environment (7-9) and anti-corruption (10) enjoy universal consensus and are drawn from: Universal Declaration of Human Rights International Labour Organization's Declaration on Fundamental Principles and Rights at Work Rio Declaration on Environment and Development UN Convention against Corruption
RB	Republican budget
RK	Republic of Kazakhstan
BoD	Board of Directors
ELB	Entities of large businesses
BU	Business units
CSS	Corporate Secretary Service
USA	United States of America
CO	Central Office
SDG	Sustainable Development Goals – 17 goals and 169 targets from the 2030 Agenda for Sustainable Development to end poverty, conserve the planet's resources and ensure prosperity for all
COSO	The Committee of Sponsoring Organizations of the Treadway Commission
ESG	Environmental, Social and Governance
Equator Principles	A set of norms developed and adopted by FIs to assess environmental and social risks in project finance, based on the environmental and social standards applied by the International Finance Corporation
GRI	Global Reporting Initiative
IFC	International Finance Corporation
TCFD	Task Force on Climate-Related Financial Disclosures

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